WHAT IS THE ALBERTA ENERGY AND UTILITIES BOARD?

EUB Mission

The Alberta Energy and Utilities Board (EUB) is an independent, quasi-judicial agency of the Government of Alberta. Its mission is to ensure that the discovery, development, and delivery of Alberta's energy resources and utilities services takes place in a manner that is fair, responsible, and in the public interest.

When did the EUB begin?

The EUB was created in 1995 as a result of a merger between the Energy Resources Conservation Board and the Public Utilities Board, which was formed in 1915. In 1996, the EUB expanded further with the addition of the Alberta Geological Survey.

What does the EUB do?

The EUB regulates the safe, responsible, and efficient development of Alberta's energy resources—oil, natural gas, oil sands, coal, and electrical energy—and the pipelines and transmission lines to move the resources to market.

On the utilities side, the EUB regulates investor-owned natural gas, electric, and water utilities and certain municipally owned electric utilities to ensure that customers receive safe and reliable service at just and reasonable rates.

Regulation is done through two core functions: adjudication and regulation, and information and knowledge. EUB approval must be given at almost every step of an energy project's life.

What is the authority of the EUB?

To maintain its autonomous structure, the EUB answers directly to the Executive Council (Cabinet) of Alberta through the Minister of Energy, but it makes its formal decisions independently in accordance with the 40 statutes it administers.

Why is energy regulation needed?

Alberta is unique in that the Crown owns about 80 per cent of the province's mineral rights for resources such as oil, natural gas, coal, and oil sands. In other words, most resources are owned by the people of Alberta through their government. Although private companies may develop these resources, the EUB is authorized by the government to protect the public interest as it relates to the discovery, development, and delivery of these resources.

In this way, the EUB ensures that energy development occurs in an orderly way that benefits Albertans. Regulation is needed so that nonrenewable resources are produced in a responsible, efficient, and economically profitable manner, without waste. At the same time, the EUB also ensures that development meets accepted standards so that potential negative effects on the environment, social values, and public safety are kept to a minimum.

The EUB also ensures that everyone affected by development has a fair chance to be heard. When conflicts of interest regarding development remain unresolved among industry players or between companies and landowners, the EUB's task is to settle the issues in a balanced and fair manner. This may occur through Appropriate Dispute Resolution or the EUB Hearing Process.

Finally, the EUB plays an important role in collecting and distributing energy information.

How is the EUB organized?

The EUB is led by a Board that consists of up to nine people: a Chairman and Board Members. Supporting the Chairman and Board Members are the Executive Committee, and approximately 700 staff who work in nine main branches:

Applications
This branch, made up of two groups, provides a streamlined approach to processing some 30 000 energy development applications each year. Staff handle project reviews, audits, and approvals related to new or modified oil and gas facilities, such as wells, pipelines, batteries, and gas plants. The branch also looks after development and conservation projects for oil, gas, oil sands, and coal.

Compliance and Operations
This branch ensures compliance and asset/liability management for operating energy developments, including the provision of technical support to Field Surveillance in responding to complaints, uncontrolled releases, and other operational problems. The branch also coordinates the development and application of enforcement policy and practices, provides technical support to the EUB's application and adjudicative processes, and assists in developing operational business and technical requirements aimed at the protection of the public and the environment. See *EnerFAQs No. 3: Inspections and Enforcement of Energy Developments in Alberta*.

Corporate Support

This branch incorporates several groups. Human Resources provides services and programs to ensure that a competent and committed workforce is in place to achieve EUB goals and objectives. The Communications Group develops strategic communication and consultation strategies and delivers related media, Web site, and document services to keep staff and stakeholders informed about EUB activities. Administrative Services provides building, library, and printing services.

Field Surveillance

Operating out of a number of centres around the province, field staff inspect construction, operation, and abandonment operations at oil, gas, and oil sands facilities, respond to emergencies and public complaints on a 24-hour basis, facilitate resolution of landowner-industry conflicts, participate in public-industry liaison committees, and ensure a consistent approach to noncompliant operators. The branch also contributes at the field level to industry's understanding and knowledge of EUB requirements and regulations so that Albertans are confident that oil and gas operations are conducted in a responsible manner that protects the public, environment, and resources. See *EnerFAQs No. 3: Inspections and Enforcement of Energy Developments in Alberta*.

Finance

This branch provides revenue and expenditure management and administration of the industry funding levy. In addition, staff coordinate the preparation of the EUB's three-year business plan and performance reporting.

Information and Systems Services

This branch is responsible for EUB information systems, support, and technological infrastructure, with a focus on new ways to deliver electronic commerce. Another core area is the collection and dissemination of energy resource information, including oil and gas production. This information is also used to determine provincial royalties, well records, regulatory publications, maps, and various energy databases.

Law

This branch provides a wide range of legal advice and services to the organization, with a focus on procedural fairness and objectivity. Its responsibilities include application and regulatory policy, hearings, proceedings, related internal and external consultations, and the formulation of energy and utility regulations and legislation. The branch administers intervener funding and leads a key advisory committee that advises the Board on decisions and policy matters.

Resources

This branch comprises the Alberta Geological Survey (AGS) and the Geology and Reserves and Economics Groups. The Geology and Reserves Group conducts an independent assessments of oil, oil sands, gas, and coal reserves in Alberta. AGS provides geoscience research, information, and expertise that support development of the province's mineral and energy resources. Both groups also provide technical expertise in support of the application and hearing processes. Economics staff provide market analysis and socioeconomic evaluation for major applications, as well as general economic expertise.

Utilities

This branch is responsible for regulating investor-owned natural gas, electric, and water utilities and certain municipally owned electric utilities to ensure that customers receive safe and reliable service at just and reasonable rates. This regulatory role is currently in a state of evolution due to the ongoing deregulation of the natural gas and electric industries. Staff also respond to customer inquiries and complaints respecting utility matters. In addition, the branch ensures that electric facilities are built, operated, and decommissioned in an efficient and environmentally responsible way.

Who pays for the EUB?

The majority of the EUB annual budget is funded through an administrative levy applied to each producing gas or oil well in the province. The remainder is financed about evenly by the provincial government and revenues from application and licensing fees and information sales.

What is an energy application?

An application is a request by a company for EUB approval—in the form of a licence, order, permit, or approval—for an energy project. Most energy-related projects require EUB approval. Each year tens of thousands of applications are reviewed and approved by the EUB.

The EUB also plays a vital environmental protection role by reviewing flaring permits, oilfield waste disposal facilities, drilling waste practices, and emergency response plans.

How are applications for energy projects handled?

EUB approval for a facility or project is considered to be routine if an application is complete, there are no landowner objections, and the company applying has met all technical, safety, public consultation, and environmental requirements. The turnaround time for a complete and well-prepared routine application can be as short as a few days.

Some projects require input from other government departments. The EUB passes such applications to Alberta Environment, which handles distribution to other departments. This "one-window" approach means that applicants do not have to go to each government department for individual review and approval. The general rule is that each government department checks that a specific proposal meets its own regulations and standards and then forwards any deficiencies or concerns to the EUB via Alberta Environment.

Nonroutine applications take more time—weeks, or even months—to process if there are landowner objections, community and environmental concerns, or objections from competing companies. Objections to applications may also be resolved through facilitation, mediation, or negotiated settlements approved by the Board. However, any unresolved matter or objection related to an application may proceed to an EUB hearing.

What is an EUB hearing?

An EUB hearing is a formal process that provides an important opportunity for different points of view about an energy project to be aired in a fair and orderly forum. A hearing allows for an open, public testing of technical, environmental, social, and economic evidence from those involved. The process ensures that all relevant arguments for and against the energy facility project are heard. See *EnerFAQs No. 2: Having Your Say at an EUB Hearing.*

If the EUB approves a project, who makes sure the company keeps its promise?

The responsibility for conducting safe, efficient operations rests with each operator. It is in the best interest of the company and the industry to do so. However, the EUB carries out field surveillance and inspections to ensure that this is done.

The EUB maintains staff in Field Centres that conduct thousands of inspections of wells, facilities, and pipelines throughout the province each year. Inspections of coal mines and oil sands facilities are handled by a smaller group of technical staff based primarily in Calgary and Fort McMurray. For more information, see *EnerFAQs No. 3: Inspections and Enforcement of Energy Developments in Alberta.*

What happens if a facility fails an inspection?

If a facility fails an inspection, the operator is told to correct the problem within a given period of time. If the situation is dangerous or the operator is unable or unwilling to make the necessary corrections, the facility may be ordered shut down.

Additional Information

This EnerFAQs is one in a series. The others are

No. 2 Having Your Say at an EUB Hearing

No. 3 Inspections and Enforcement of Energy Developments in Alberta

No. 4 All About Critical Sour Wells

No. 5 Explaining EUB Setbacks

No. 6 Flaring

No. 7 Electricity and the EUB

No. 8 Proposed Oil and Gas Development: A Landowner's Guide

No. 9 Animal Health

No.10 Coalbed Methane

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site <www.eub.gov.ab.ca>.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail (eub.info_services@gov.ab.ca).

EUB Offices

Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

EnerFAQs
Frequently Asked Questions on the Development of Alberta's Energy Resources
ALBERTA ENERGY AND UTILITIES BOARD | EnerFAQs No. 2

HAVING YOUR SAY AT AN EUB HEARING

This EnerFAQs explains the purposes of Alberta Energy and Utilities Board (EUB) public hearings and provides information to assist you in participating effectively.

What is an EUB hearing?

An EUB hearing is a public forum where those who may be directly affected by an application for an energy facility may participate. An energy facility includes everything from a gas or oil well to an electric generating plant, and from a sour gas processing plant to a major oil sands facility.

An EUB hearing is a formal and quasi-judicial proceeding. It provides a level playing field for all participants—each has the opportunity to know and question the positions of others. This allows the Board to make a fully informed decision.

Do many applications go to hearing?

EUB hearings are held when the EUB receives an objection from a person who may be directly and adversely affected by a proposed project. Applications filed may create community concern or a need for more information; however, these matters are often settled through an Appropriate Dispute Resolution (ADR) process. When matters are settled though ADR or there are no public concerns and objections, there is no need for a hearing. The Board will also dismiss objections if the person does not appear to be directly or adversely affected. See *EUB Informational Letter 2001-1: Appropriate Dispute Resolution (ADR) Program and Guidelines for Energy Industry Disputes*.

If issues cannot be solved, may I start the hearing process?

Yes. Through a detailed letter, you may initiate and then participate in a hearing if the EUB agrees that an energy project may directly and adversely affect your rights. A hearing will only take place if the people involved have considered ADR first but were unable to find solutions. For more information on how to trigger the hearing process, see EUB *Guide 29: Energy and Utility Development Applications and the Hearing Process*.

How do I find out about hearings?

- The EUB mails a Notice of Hearing to inform people and organizations affected by an application about the hearing.
- The Notice of Hearing may be published in daily and/or weekly newspapers.

- Hearing notices are available on the EUB Web site at <www.eub.gov.ab.ca>.
- Companies involved in large projects usually hold an open house to explain their proposed project, answer citizens' questions, and address the community's concerns.

The Notice of Hearing provides interested parties with the following information:

- date, time, and location of the hearing,
- application number and nature of the application,
- a contact for the company that filed the application,
- EUB information, and

the due date for filing objections or interventions.

What is an intervener?

An intervener is anyone other than the applicant who registers at an EUB hearing for a proposed energy project in Alberta. An intervener may be opposed to or in support of a project or may wish to express concerns.

How do I register as an intervener for a hearing?

If you wish to register as an intervener, you must write a letter and submit it to both the applicant and the EUB by the deadline stated in the Notice of Hearing.

You must submit a copy of your intervention to the applicant, as well as a specified number of copies (as stated in the Notice of Hearing) to the EUB. All written submissions from the applicant and interveners become public documents, available to all participants. In this way, everyone is able to review everyone else's submissions prior to the hearing and is better able to prepare responses.

What should I include in my written submission to become an intervener?

Interventions must deal with the application in question and should not relate to general industry concerns. For a complete description of what to include in the written submission, see EUB *Guide 29: Energy and Utility Development Applications and the Hearing Process*. Start by explaining where you live, work, or own land in relation to the site of the proposed facility. Detail your views about the proposed development, giving reasons why and how you will be adversely affected should the development proceed. The EUB must decide on applications based both on individual interests and the broad public interest, that is, based on the benefits of the energy facility for all Albertans. If interveners simply oppose a development without providing solid reasons for doing so, they may be disappointed.

If you have concerns, try to suggest reasonable alternatives that could alleviate impacts. Explain what conditions, if any, you would like to see imposed on the operator, should the application receive approval. If you are in support of the proposed facility, the EUB needs to hear from you too. Hearings are to learn about all sides of a situation. Be aware, though, that the EUB cannot use unsubstantiated information. Try to support your beliefs with facts specifically related to the project under discussion.

What's the next step?

Once you have provided your written summary of concerns and objections about the proposed energy development to the applicant and EUB, you need to prepare for the hearing.

May I get information from the company?

Yes. The company is required to provide interested parties with a copy of the application, including any supporting information, such as an environmental impact assessment or geological interpretations. However, the company does not usually supply everyone with a full copy of the application; rather, it will make a copy available locally for study.

Sometimes more information is necessary for someone to fully understand the applicant's position. In this case, you may ask for more information through an information request (IR). The result of an IR should clarify, simplify, and create an understanding of the issues. Section 27 of the EUB *Rules of Practice* outlines the procedure for making an IR; it is available on the EUB Web site at <www.eub.gov.ab.ca> and from EUB Information Services.

What are the *Rules of Practice*?

The EUB's *Rules of Practice* is similar to a road map in that it provides directions for any type of proceeding before the EUB. The *Rules of Practice* consists of regulations that explain how and what must be done when a participant is faced with a variety of situations during a proceeding. The EUB expects all applicants and participants in EUB matters to be familiar with the *Rules of Practice*.

Should I form a group to intervene?

Research and preparation of a submission can take a lot of time and effort, and you may decide to form or join a group with other people in your area if they share your concerns or objections. A group submission may be very helpful, as it indicates broader support for the views expressed. Whether you prepare your submission alone or as a group, it is best to do very thorough work and provide solid evidence to support your points of view.

Do I need to hire a lawyer?

Although there is no requirement that a lawyer represent you during the hearing, having a lawyer represent your interests may be a good idea. The EUB hearings are, in some ways, like a civil case before a judge. Lawyers are trained to present a client's case, cross-examine the other side's witnesses, and make arguments on what the EUB's decision should be. The lawyer can also assist in arranging for experts, if they are needed to make your case.

Do I have to pay for all of this?

To qualify for the recovery of costs, an intervener must establish that he or she has an interest in land that may be directly and adversely affected by the Board's decision. Generally, the Board will require the applicant to pay those expenses that are directly and necessarily related to an intervention. Costs may arise from researching and preparing your submission, hiring a lawyer, and attending the hearing. Following the hearing, the EUB considers requests for interveners' costs and may order the applicant to pay them. Before spending money, consult EUB *Guide 31A: Guidelines for Energy Cost Claims*.

How long does an EUB public hearing last?

Every case is unique; hearings may last anywhere from one day to several weeks, depending on the nature of the application and the complexity of the issues.

May I attend an EUB hearing just to listen?

Certainly. EUB hearings are open to the public.

What is a hearing panel?

A hearing panel is usually a group of three Board Members or Acting Board Members who are selected by the EUB to conduct a hearing.

What happens at an EUB hearing?

An EUB hearing follows a formal process to ensure that everyone has a say:

- Opening Remarks – The panel chair explains the purpose of the hearing and introduces the members of the panel and EUB staff. Then participants in the hearing register an appearance, coming forward and introducing themselves.
- Preliminary Matters – Procedural and legal matters are presented, such as adjournment requests or the scheduling of a specific witness at a particular time.
- Applicant (Application) – The applicant presents its case and may question its own witnesses. Then interveners, EUB staff, and the Board panel may cross-examine those witnesses. Once cross-examinations are complete, the applicant may question the witnesses again to clarify any issues that arose.

- Interveners – Interveners next present their cases in the same order they registered. After the intervener gives direct evidence, the lawyer for the applicant may cross-examine, followed by the other interveners who wish to cross-examine. EUB staff and members of the panel may then cross-examine the intervener. Following cross-examination, the intervener is entitled to clarify any matters that arose.
- Rebuttal Evidence by Applicant - Once the above process is complete with all the interveners and their witnesses, the applicant may submit additional evidence to address new points raised by interveners' evidence.
- Final Argument or Summation – Each participant may provide an explanation of what he or she believes are the important aspects of the issues involved and what decisions they feel the panel should make. The applicant may respond to interveners' arguments.
- Closing of Hearing – The panel chair announces the hearing is completed and that the decision of the panel and the reasons for it will be given at a later date.
- Decision Report – The Board's final reasoning and decision on the application is issued several weeks to several months after the hearing in a decision report. This is distributed to all registered participants and is made available to the public.

When will the application be decided?

The EUB currently releases 90 per cent of its decisions within 90 days of the close of a hearing. The hearing panel releases a decision report, which outlines the position of all hearing participants and gives the panel's decision and reasons for the decision. The decision report is distributed to all participants and is available through the EUB's Information Services and on the EUB Web site, <www.eub.gov.ab.ca>.

Can I really affect the final decision?

Yes. In making its decisions, the EUB is committed to addressing all valid concerns put forward by interveners. If the project is approved, special conditions may be attached to the decision that take into account the specific concerns of local people.

May an EUB decision be appealed?

Yes. An appeal of the Board's decision may be made to the Alberta Court of Appeal on questions of jurisdiction or law, meaning that the EUB did not have the right to make the decision or that it made a mistake about the law. Permission to appeal the decision must be obtained from the Court of Appeal by making an application for leave to appeal within 30 days after the Board's decision is issued. In certain circumstances, the court may grant an extension.

When may an EUB decision be reviewed?

The EUB may decide to review its own decision if it can be shown that it made an error of law or made the decision outside of its jurisdiction or if new information becomes available.

Who enforces whatever the company agrees to during a public hearing?

The EUB enforces the conditions in the decision report through inspections and, where appropriate, government department follow-up. Generally, responsible applicants do what they agreed to do, and intensive follow-up is not required. However, if you think this is not the case, contact the nearest EUB Field Centre and explain the problem. If your concern relates to electrical facilities or coal mines, contact the EUB head office in Calgary.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No.10 Coalbed Methane
No.11 Natural Gas Utilities
No.12 Utility Concerns: How to Make a Complaint to the EUB

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site <www.eub.gov.ab.ca>.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail (eub.info_services@eub.gov.ab.ca).

EUB Offices	Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
	Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
	Edmonton (Utilities)	(780) 427-4901
	Edmonton (Alberta Geological Survey)	(780) 422-1927
Field Centres	Bonnyville	(780) 826-5352
	Drayton Valley	(780) 542-5182
	Grande Prairie	(780) 538-5138
	High Level	(780) 926-5399
	Medicine Hat	(403) 527-3385
	Midnapore	(403) 297-8303
	Red Deer	(403) 340-5454
	St. Albert	(780) 460-3800
	Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

EnerFAQs
Frequently Asked Questions on the Development of Alberta's Energy Resources
ALBERTA ENERGY AND UTILITIES BOARD | EnerFAQs No. 3

INSPECTIONS AND ENFORCEMENT OF ENERGY DEVELOPMENTS IN ALBERTA

This EnerFAQs focuses on the role of the Alberta Energy and Utilities Board (EUB) in inspections of energy developments. Key factors in the safe and efficient development of Alberta's energy resources are the rules and standards by which energy facilities must operate and the enforcement and inspections to ensure that these rules and standards are met.

Who inspects energy facilities?

The EUB has the responsibility for inspecting energy facilities and enforcing the standards, specifications, and conditions set out in licences and approvals. Various government departments also have legislated mandates to inspect energy facilities.

For example, **Alberta Environment** enforces clean air and clean water regulations, and **Alberta Sustainable Resource Development** safeguards fish, wildlife, forests, and public lands.

What does the EUB inspect?

EUB staff carry out inspections on Alberta's oil, natural gas, oil sands, coal, pipeline, and electric facilities. Routine inspections include

- nonscheduled inspections based on reports or complaints from the public;
- inspections of natural gas processing plants, particularly sour gas plants;
- environmental inspections to ensure that procedures and equipment are in use to minimize environmental impacts;
- inspection of coal mines and oil sands mines to ensure that the facility is safe, follows environmental guidelines, and has efficient resource production and conservation;
- spot checks during the construction and testing of pipelines;
- periodic inspections of operating pipelines;
- inspections of oil and natural gas batteries (the equipment for collecting, separating, and measuring oil and gas); and
- inspections of power plants and transmission facilities.

How many EUB inspectors are there?

There are over 100 inspectors located in the EUB Field Centres throughout Alberta. A list of the EUB's Field Centres and their telephone numbers is on the last page.

What authority do EUB inspectors have?

EUB inspectors are backed by law through the powers granted by the statutes under which the EUB operates. They have the authority to shut in a well or shut down a facility if they deem it necessary.

How often do EUB inspectors check energy facilities?

Inspections are made at selected stages of energy development, depending on the type of facility and its previous inspection history.

How is a well or facility chosen for an inspection?

EUB field inspections are prioritized based on the weighting of three key criteria, known as **OSI**: operator history, site sensitivity, and inherent risk of the facility or operation.

- A review of an operator's compliance history allows EUB inspectors to focus on operators with an unacceptable level of unsatisfactory inspections. The EUB considers any company with three or more major unsatisfactory inspections provincially to have a poor inspection record.
- Sensitivity of the area where the operation is taking place is also reviewed and includes items such as proximity to the public or bodies of water and areas where there has previously been significant public concern regarding oil and gas operations.
- The risk of a facility or operation is determined by reviewing specific technical details about the facility, such as well depth, complexity of the operation, and whether the facility is sweet or sour.

How detailed are these inspections?

Inspectors check to ensure that companies are following sound operating practices and meeting EUB requirements set out in its regulations and in the facility's licence. EUB inspectors have the expertise to explain regulations and analyze procedures with the technical staff operating the energy facility being inspected.

What happens when an inspection finds unsatisfactory items?

Depending on how serious the problem is, the EUB inspectors may give the operator time to correct the unsatisfactory items; however, if a regulation is seriously disobeyed or there is any danger to people or the environment, the facility will be immediately shut down.

What happens if the problems are not corrected?

If the situation is dangerous, the well or facility will be shut down immediately. Also, if an operator is unable or unwilling to correct a problem within a specified period of time, the EUB will shut down the facility. The operator may be given a short time extension in which to correct the situation, as occasionally there may be delays in obtaining the necessary equipment to correct a problem. However, the EUB must be satisfied that safety is not a concern and that the operator is making every effort to meet the requirements.

Where do I call with questions or complaints about a specific site?

Determine who the operator is; company information may be found on the sign outside of the lease. Call the company's local office and give the company a chance to rectify or explain the situation.

Sometimes an inspection resulting from a citizen complaint may not immediately reveal the problem, and several inspections may be necessary before the problem can be traced back to its source.

What if I don't know the name of the company?

Call the nearest EUB Field Centre, explain the problem, and give the well or facility location; field staff will make the necessary inquiries. The EUB responds to all public complaints. EUB inspectors will contact the company, determine the problem, order corrections when necessary, and report back to you.

The process of identifying the problem, specifying corrective action, and carrying out follow-up to ensure that a problem has been resolved is a standard sequence of events for an EUB inspector.

Should I contact a government department myself?

Yes, if you know who is responsible for your particular concern. If you are unsure, call the nearest EUB Field Centre and staff will give you a contact name and telephone number.

To find out more information on these or any other energy-related issues, you may visit the EUB Web site at <www.eub.gov.ab.ca>.

Who makes the regulations and sets the standards for energy projects?

The EUB establishes most of the regulations governing energy facilities in the province. However, other government departments are also involved. For example, Alberta Environment is concerned with applications on lands owned by the province and those with potential for harming either people or the environment.

By means of Alberta's "one-window" approach to energy developments, companies submit all applications for energy facilities to the EUB, which informs and involves government departments according to established agreements.

How long have EUB regulations been in effect?

The EUB's predecessor, the Petroleum and Natural Gas Conservation Board, was formed in 1938, to work at ensuring wise development and use of Alberta's energy resources.

The current EUB was formed with the merger of the Energy Resources Conservation Board and the Public Utilities Board and the later addition of

Alberta Geological Survey. As Alberta's energy industry grows and develops, regulations also change. The EUB is continually evaluating, updating, and strengthening its regulations as new technology is developed and as experience shows the need for change.

Regulation is done through four core functions: adjudication and regulation, applications, surveillance and enforcement, and information. EUB approval must be given at almost every step in an energy project's life.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No.10 Coalbed Methane

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site <www.eub.gov.ab.ca>.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail (eub.info_services@gov.ab.ca).

EUB Offices	Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
	Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
	Edmonton (Utilities)	(780) 427-4901
	Edmonton (Alberta Geological Survey)	(780) 422-1927
Field Centres	Bonnyville	(780) 826-5352
	Drayton Valley	(780) 542-5182
	Grande Prairie	(780) 538-5138
	High Level	(780) 926-5399
	Medicine Hat	(403) 527-3385
	Midnapore	(403) 297-8303
	Red Deer	(403) 340-5454
	St. Albert	(780) 460-3800
	Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

EnerFAQs
Frequently Asked Questions on the Development of Alberta's Energy Resources
ALBERTA ENERGY AND UTILITIES BOARD | EnerFAQs No. 4

ALL ABOUT CRITICAL SOUR WELLS

This fact sheet explains what a critical sour well is, the special safeguards such a well requires, and how these safeguards protect Albertans from sour gas blowouts.

What is a critical sour well?

A critical sour well is a sour gas well that could potentially release large quantities of hydrogen sulphide (H_2S), causing significant harm to nearby people. When deciding if a sour gas well should be considered critical, the Alberta Energy and Utilities Board (EUB) examines factors such as how complex the drilling will be and how many people live in the community.

What is sour gas?

Sour gas is natural gas that contains some amount of H_2S.

What is H_2S?

H_2S is the chemical formula for hydrogen sulphide, a toxic gas formed by the breakdown of organic materials. It can be found in natural gas, oil, sewage, swamps, and stockyards and in the processing of pulp and paper. The gas is colourless, but you would recognize its "rotten egg" smell even at low concentrations.

At higher concentrations, it stops people and animals from breathing, and so if it's not handled properly, it can be deadly. Because H_2S is heavier than air, it tends to accumulate in low-lying areas.

How is the decision made to classify a well as critical?

All applications to the EUB to drill oil or gas wells must take into account the possibility of encountering sour gas. If the EUB's first evaluation shows that there may be H_2S, then the application is examined further.

The EUB uses two major criteria to determine if a sour well is to be classified as critical:

- how close the well is to an urban centre or public facility, such as a major recreational facility, and
- the potential H_2S release rate during the drilling stage.

The potential H_2S release rate is determined by both the percentage of H_2S in the gas and the rate at which H_2S that can be delivered to the surface. This is measured in cubic metres per second at standard pressure and temperature conditions.

For example, a well may have both a weak flow of gas with only 1 per cent H_2S

content but still be critical if it is very close to a town. But a gas well with 10 per cent H_2S content located in a remote location without people nearby might not be classified as critical.

What special planning is required for a critical well?

A critical well requires a detailed drilling plan that addresses all aspects of the proposed operation. The plan must be reviewed and approved by the EUB before a critical well is licensed. Once a well is classified as critical, drilling preparations must meet all the operational and safety-related requirements set out by the EUB. The drilling plan for a critical well includes

- well design,
- equipment,
- drilling procedures,
- training and supervision,
- inspections, and
- emergency response planning.

How does an operator prevent equipment failure?

The equipment used when drilling a critical well must be resistant to the harmful effects of sour gas and must contribute to blowout prevention. For example, the quality of the drill pipe used for critical wells must be premium and the pipe must be inspected to ensure that it meets the latest standards.

What is a blowout?

A blowout is an uncontrolled flow of gas, oil, or other well fluids from a wellbore into the atmosphere. A blowout usually results from a combination of factors, such as human error and equipment failure.

In case equipment does fail, do critical wells have backup equipment?

Yes. Backup equipment provides a second line of defence to ensure that well problems are controlled in the early stages, before developing into full-scale blowouts. Two examples illustrate these safeguards: first, there must normally be a second or backup degasser on site (a device that removes unwanted gas from drilling fluids), and second, there must be twice as much drilling mud in reserve at the site as will be needed. Mud is the liquid mixture circulated through the wellbore during drilling that is so important in holding back subsurface pressure.

Can human error be prevented?

No amount of regulation can guarantee that workers at a critical well will never make a mistake. However, errors can be reduced with proper training and supervision. The basic rule is that critical wells must have well-qualified and experienced drilling crews. Rig managers and supervisors must have a current PITS Second Line Supervisor BOP Well Control certificate. Supervisors, rig managers, and drillers all must have H_2S Alive Certification and experience drilling sour wells.

Who inspects critical wells?

The responsibility for inspection rests primarily with the company drilling the well and the well-site supervisor. Daily and weekly inspections are conducted both by company personnel and by the drilling contractor.

EUB field staff check the company's ongoing inspection records and conduct independent inspections, as well. At most critical wells, there are at least three EUB inspections, two prior to and one during drilling in the critical zone. Critical well inspections are quite detailed. If serious problems are found, drilling operations are suspended, if safe to do so, until the deficiencies have been corrected. For more information on EUB inspections, see *EnerFAQs No. 3: Inspections and Enforcement of Energy Developments in Alberta.*

How do I find out if a well near me is critical?

The best place to start is with the company drilling the well. If you know the company name, call its nearest office. However, if you would like more information, contact the nearest EUB Field Centre. Telephone numbers for all EUB offices are included at the end of this EnerFAQs.

As part of the detailed emergency plan for a critical well, each company must contact everyone within a certain distance of the proposed well site. The company should provide you with information about its plans and seek your input. The company will not receive a drilling licence until this work has been completed.

If the company cannot satisfy your concerns or answer all your questions, please contact the nearest EUB Field Centre, and we will assist you.

What if the worst happens and a critical well does blow out?

If, for any reason, blowout prevention procedures fail, a series of complementary emergency response plans are triggered to protect people's health and safety. This may include igniting the well (setting it on fire). Ignition converts the H_2S to sulphur dioxide, which disperses more effectively because the heat carries it up, resulting in lower ground-level concentrations.

Am I protected by the emergency response plan (ERP)?

Every company drilling or operating critical sour wells is required to have a site-specific emergency response plan (ERP). If you live in an area where sour gas drilling is likely, be assured that no company will receive permission from the EUB to drill a critical well until it has prepared an ERP tailored to the specific circumstances of that well, with detailed attention to such things as weather patterns, terrain, nearness of people, and anticipated release of H_2S.

How is the emergency planning zone (EPZ) around a critical well determined?

An emergency response zone (EPZ) is the area around a well where full-time residents and visitors to the area, such as campers and hunters, would be at risk in the event of a blowout. The size of the EPZ depends on the potential release rate of H_2S and other specific circumstances. If you live inside an EPZ, the company will meet with you to discuss measures to be taken in an emergency and any special needs you may have, such as transportation or special health considerations.

What if I live outside the EPZ? How am I protected in case of a blowout?

If a blowout should occur, the EUB will establish an Emergency Operations Centre to coordinate the work of the provincial emergency response team. An EUB Communications staff member will keep people in the general area informed of any action that may be required to protect their health and safety.

One of the first activities initiated in a sour gas blowout is the monitoring of air quality downwind from the well. Mobile equipment is set up to track the plume and to identify concentrations of gas both inside and outside the EPZ. If the emergency response team determines that there is a danger, residents will be evacuated or the well ignited to protect the public.

What happens once a critical well has been drilled? How am I protected then?

The emergency provisions in place for drilling critical wells also extend to their ongoing operation and maintenance. Once a critical well is ready to be placed on production, you will be protected by an emergency response plan designed to suit this phase of development.

Why drill critical sour gas wells at all?

The EUB must decide if a company should be allowed to drill a critical well having regard for the broad public interest—that is, what is best for all Albertans—while still being concerned about possible negative impacts on individuals.

The sour gas industry is a vital part of Alberta's economy. Natural gas heats our homes, generates electricity, and supplies us with an array of valuable consumer products. Sulphur, a by-product of sour gas, is used in making fertilizers and many other chemical products. Canada is one of the world's largest exporters of sulphur. Drilling is the only sure way to find and produce natural gas and to determine how much Alberta has in reserve to meet future needs.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?

No. 2 Having Your Say at an EUB Hearing

No. 3 Inspections and Enforcement of Energy Developments in Alberta

No. 5 Explaining EUB Setbacks

No. 6 Flaring

No. 7 Electricity and the EUB

No. 8 Proposed Oil and Gas Development: A Landowner's Guide

No. 9 Animal Health

No. 10 Coalbed Methane

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site <www.eub.gov.ab.ca>.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail (eub.info_services@gov.ab.ca).

EUB Offices

Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

EnerFAQs

Frequently Asked Questions on the Development of Alberta's Energy Resources

ALBERTA ENERGY AND UTILITIES BOARD EnerFAQs No. 5

Link to PDF Version

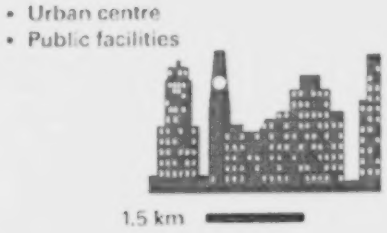
Explaining EUB Setbacks

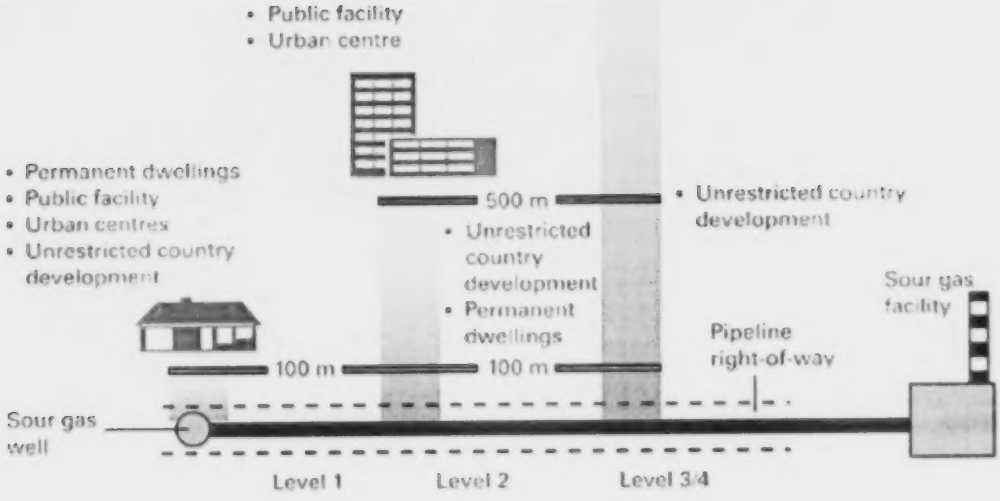
This EnerFAQs explains setbacks in the energy industry, how they are determined, and how they may affect Alberta citizens and their communities.

- What is a setback?
- What is the EUB definition of a "public facility"?
- What is the EUB definition of "unrestricted country development"?
- Why are setbacks necessary?
- How long have setback distances been in effect?
- How are setback distances determined?
- What are release rates?
- What are release volumes?
- Why is H_2S content important?
- Why are setback distances different for a farm home than for a large campground?
- What if I live near a sour facility?
- What safety precautions does the EUB require of industry?
- What if I am already living within a sour gas setback distance?
- May I develop my land if it falls within an EUB setback?
- Is there any way I can change a setback distance that affects my land?
- How do setback distances affect the future development of my hometown?
- What is the difference between a setback distance and an emergency planning zone?
- What happens if an energy company wants to drill a well or build a facility close to my home?
- What if I object to this development?
- Will I be compensated for the use of my land?
- Additional Information
- EUB Offices
- Field Centres

What is a setback?

A setback is the **absolute minimum** distance that must be maintained between any energy facility (for example, a drilling or producing well, a pipeline, or a gas plant) and a dwelling, rural housing development, urban centre, or public facility. Setbacks vary according to the type of development and whether the well, facility, or pipeline contains sour gas.





TOP

What is the EUB definition of an EUB "Public Facility"?

The Alberta Energy and Utilities Board (EUB) examines each specific situation to decide if something is a "public facility." When establishing setback distances, the EUB does not consider simply any facility used by the public to be a public facility; it must also be a facility that is often used by a large number of people. Consideration is also given to the evacuation options that apply to that particular facility. For example, a large, year-round campground containing many individual campsites may be designated a public facility under the EUB definition, whereas a small, seldom-used campground may not.

TOP

What is the EUB definition of "Unrestricted Country Development"?

Unrestricted country development refers to any collection of permanent dwellings outside of an urban centre that number more than eight per quarter section.

TOP

Why are setbacks necessary?

Setbacks prevent populated areas from developing too close to energy facilities and energy facilities from getting too close to people. In other words, setbacks provide a buffer zone between the public and the facility in the event of a problem. In order to better understand the principle of a setback, an interesting comparison can be made to the 30 kilometre per hour speed limit near a school playground. While this speed limit is not a "guarantee" of safety, statistics show that

- it is much safer than no speed limit at all, and
- the average driver can stop quickly at this speed if faced with an emergency, such as a child suddenly running into the street.

The child's safety isn't guaranteed, but the odds are strongly in the child's favour with the low speed limit in place. In a sense, the EUB's setback distances function as the energy industry's "speed limits."

TOP

How long have setback distances been in effect?

Setback distances have existed, in various forms, for oil and gas operations since early production days (pipeline rights-of-way are a good example).
Established in 1976, new sour gas setback distances were immediately used by the energy industry. In 1979, Provincial Planning Authorities formally adopted the same setback distances, so both the energy industry and all Alberta municipalities use these same guidelines when proposing and approving developments of any kind.

TOP

How are setback distances determined?

Sour gas facilities are categorized by the EUB into four hazard levels based on release rates for wells, release volumes for pipelines, and hydrogen sulphide (H_2S) content. There are predetermined setback distances for each level of sour gas facility. Once the appropriate level has been established for a particular facility, EUB staff then examine the types of developments in the vicinity and how people typically use the general area. For example, EUB staff would check to see if there are houses, schools, or hospitals close by. If necessary, a setback distance may be increased due to these types of developments.

TOP

What are release rates?

The concentration of H_2S and how fast it is coming out of the ground determine the release rate.

TOP

What are release volumes?

Release volumes are specific to pipelines. There is a fixed amount, or volume, of gas that can be released from any pipeline once the valves are closed—this is called the release volume. Pipelines are built with emergency shutdown valves installed at preset points along the pipeline. When the valves detect pressure drops in the pipeline, they close automatically, stopping the flow of gas through the pipeline and trapping the gas between the two valves

closest to the rupture. That's all the gas that can escape, and the amount of escaping gas can be quickly calculated.

TOP

Why is H2S content important?

The higher the concentration of H_2S, and the rate that it is released, the greater the potential for risk. That is why H_2S content and release rates are important factors in setback distances.

TOP

Why are setback distances different for a farm home than for a large campground?

Extra space is built into setback distances in the case of towns and major campgrounds to ensure that a proper evacuation can be carried out if necessary. It is much easier to evacuate one family than a great number of people or an entire community.

TOP

What if I live near a sour facility?

EUB setback distances are deliberately designed so that the actual risk to people from sour gas facilities will be reduced to the lowest levels possible.

TOP

What safety precautions does the EUB require of industry?

The energy industry is required to maintain safe operations at all of its facilities. With pipelines, for example, the industry has developed a number of important safety practices, such as specially designed block valves and different kinds of pipeline monitoring systems. In the case of drilling wells, industry must comply with strict blowout prevention measures.

TOP

What if I am already living within a sour gas setback distance?

Such situations are rare, as both the industry and the municipal planning authorities have followed the same setback guidelines for some time. If you have reason to believe that such a problem does exist for you, contact the operator of the facility or the nearest EUB Field Centre (see list below).

TOP

May I develop my land if it falls within an EUB setback?

Municipal authorities oversee land development and do not permit development where people will be living within the setback. However, lands affected by the setback for a pipeline, for instance, could be landscaped and used as green space. Note that municipal authorities do have setback restrictions for developments other than sour gas, such as road allowance restrictions. This question and others like it should be directed to your local municipal authority. EUB advice is available to these authorities with reference to specific projects, as required.

TOP

Is there any way I can change a setback distance that affects my land?

Setback distances may be changed when either the rate or volume of the energy facility changes or when the type of development in the setback area is altered. Release rates and release volumes may change over time due to dropping production from a well or the H_2S content changing.

An example of altering the purpose for which land is being used is if a landowner wishes to convert a large, year-round campground that had been designated a public facility back to farmland and then build a home on it for the family. While the campground may have required a large setback by the planning authority because there could be many people in the camp, the single farm residence would usually require a smaller setback, because it would be easier to notify and evacuate one family.

TOP

How do setback distances affect the future development of my hometown?

Setbacks may restrict a community development to a greater extent than an individual dwelling. For example, if your town wanted to expand through annexation, a 500 metre setback distance from any level-2 sour gas facility would be recommended, rather than the 100 metre setback distance facing an individual residence.

TOP

What is the difference between a setback distance and an emergency planning zone?

A setback is the amount of land serving as a buffer zone between people and energy facilities. An emergency planning zone (EPZ) is the distance outward from a facility, where people and the environment could be affected by a potential worst-case incident.

TOP

What happens if an energy company wants to drill a well or build a facility close to my home?

The EUB requires the companies to follow its *Guide 56 "Minimum Public Disclosure and Consultation Requirements"* when dealing with landowners and occupants. The company must provide affected landowners and occupants with factual information regarding the facility and explain the potential land-use restrictions that may occur as a result of the development.

TOP

What if I object to this development?

The EUB requires the company to indicate whether any of the landowners contacted have objections to the application. If you have an objection to an application, the EUB will request that the company contact you again to explore possible resolutions of your concerns. Failing a solution, the EUB may have to consider your concerns at a formal public hearing. See *EnerFAQs No. 2: Having Your Say at an EUB Hearing*.

TOP

Will I be compensated for the use of my land?

Decisions regarding compensation for placing energy facilities on your land do not fall under the EUB's jurisdiction, but are the responsibility of the Alberta Surface Rights Board. The Alberta Surface Rights Board may be reached at (780) 427-2444.

TOP

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Public Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells

No. 6 Flaring
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No. 10 Coalbed Methane
No. 11 Natural Gas Utilities
No. 12 Utility Concerns: How to Make a Complaint to the EUB

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site www.eub.gov.ab.ca.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail (eub.info_services@eub.gov.ab.ca).

TOP

EUB Offices

Head Office 640 - 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Click here to view more information on EUB Offices

TOP

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

Click here to view more information on EUB Field Centres

TOP

Page Last Updated: July 2004

EnerFAQs
Frequently Asked Questions on the Development of Alberta's Energy Resources
ALBERTA ENERGY AND UTILITIES BOARD | EnerFAQs No. 6

FLARING

The Alberta Energy and Utilities Board (EUB) recognizes that flaring at petroleum industry facilities is of concern to Albertans. This EnerFAQs explains why flaring is sometimes necessary and how the EUB ensures that flaring is carried out in a manner protective of public safety and the environment.

What is flaring?

Flaring is the controlled burning of natural gas waste that is unable to be processed or sold.

Why is flaring done?

Flaring is done for four main reasons:

- **Well testing**— Flaring is part of well testing; it is necessary for an operator to assess a well's capability. The testing is also used to determine the appropriate gathering and processing systems required to handle the well's production.
- **Operational upsets and maintenance**— Flaring occurs for operational reasons, such as equipment failures, power outages, pipeline problems, or scheduled maintenance. Flaring is used to safely dispose of gas from depressuring equipment. The EUB expects operators to review each flaring occurrence, minimize the duration of flaring, and look at ways of preventing recurrence.
- **Economics**—Many oil wells are isolated or produce very small volumes of solution gas. In such cases, it may be uneconomical or impractical to construct a pipeline and gas compression facilities in the area to gather solution gas for processing, so the gas is flared. The EUB expects operators to re-evaluate these situations on an ongoing basis.
- **Emergencies**—Flaring is used in situations where an uncontrolled release of unburned gas from a well or a pipeline failure poses safety or environmental hazards. It is also used in emergency situations when facilities must be depressured, e.g., where equipment has malfunctioned The EUB expects operators to have procedures in place to ensure that emergency flaring is kept to a minimum and done safely.

What emissions do flares produce?

When pure natural gas is burned, it primarily produces carbon dioxide (CO_2) and water vapour (H_2O). Flare emissions may also include small amounts of unburned fuel and other gases. In the case of sour gas flares, sulphur dioxide (SO_2) is also produced.

While unburned fuel and products of incomplete combustion, e.g., soot, may be released from properly designed and operated flares, current research indicates that they are still within Alberta Ambient Air Quality Guidelines and pose little risk to public safety.

The EUB requires that flare stacks and flare procedures, including those for SO_2, be designed to comply with the Alberta Ambient Air Quality Guidelines.

What are the Alberta Ambient Air Quality Guidelines?

The Government of Alberta has set out acceptable minimal levels of safety and environmental protection related to air quality. These are called the Alberta Ambient Air Quality Guidelines and are among the most stringent in Canada.

What are the EUB's regulations regarding flaring?

The EUB regulates flaring through performance and reporting requirements, permits, and data collection, as detailed in *Guide 60: Upstream Petroleum Industry Flaring Guide*.

A flare permit is required for well test flaring when the flared gas contains more than 50 moles of hydrogen sulphide (H_2S) per kilomole (5 per cent) of gas or the total well test volume exceeds 200, 400, or 600 thousand cubic metres, depending on the type of the well.

The EUB requires companies to evaluate flaring at existing facilities and determine if the gas should be conserved. The operators are expected to consider the following:

- Are there residents in the area?
- Are there directly affected local residents with environmental or health concerns?
- Are there economic alternatives to flaring?
- Would clustering of flares be economically viable?
- Are the environmental impacts of eliminating or reducing flaring greater than the environmental benefits?

Are companies required to notify the EUB and residents prior to flaring?

Prior to planned, as opposed to emergency, flaring, operators are required to provide 24 hours' advance notice to the appropriate EUB Field Centre, to all residents within a 3 kilometre (km) radius for sour gas well tests, and to all residents within a 1.5 km radius for oil and sweet gas well tests, regardless of the H_2S content.

Additional "good neighbour" notification, including notice for short-duration events, should be conducted where members of the public have identified themselves as being sensitive to emissions from the facility or if they are interested in receiving notice of planned flaring for other reasons.

The EUB expects operators to provide an information package to the public prior to planned flaring. The information package must include

- company name and contact information,
- location of the test flaring,
- duration of the flaring (start date and latest expected completion date),
- expected flaring volumes and rates,
- information on the type of well (oil or gas) and, if applicable, information on the H_2S content of the flared gas, and
- telephone numbers of operator and EUB Field Centre contacts.

The EUB also expects the company to address any concerns raised by the public prior to flaring.

How are flaring complaints handled?

If, after reasonable attempts, outstanding concerns remain unresolved, the company or the public may request the assistance of the appropriate EUB Field Centre (see list on last page).

In situations *where a flaring permit is required* and your concerns have not been addressed by the operator, you may submit a written objection to the flaring permit application with the EUB. The Board will consider the application and the objection.

In situations *where a flaring permit is not required* to flare and your concerns have not been addressed by the operator, you may make a complaint to the appropriate EUB Field Centre. EUB staff will then respond to the complaint according to established procedures. If the operator is in compliance with *Guide 60* and has appropriately considered any unique circumstances related to the flaring and Field Centre staff determine that the planned flaring will be carried out in a safe manner, the flaring will be allowed to proceed.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No. 10 Coalbed Methane

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site <www.eub.gov.ab.ca>.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail (eub.info_services@gov.ab.ca).

EUB Offices

Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

ELECTRICITY AND THE EUB

How does Alberta's electric industry work?

Getting electrical power to consumers involves three major steps:

- Generation (power plants)
- Transmission and distribution (transmission and distribution lines or wires)
- Retail sales (electricity retailers; consumers)

Most electricity in Alberta is generated through coal-fired plants, but an increasing number of generation plants are fuelled by natural gas. In addition, some electricity is generated by hydroelectric plants and wind-powered plants.

Electricity is sent from the generating plants over high-voltage transmission lines to local transformers that reduce the voltage level. Local distribution systems then distribute the electric power over local lower-voltage lines to customers. This electricity is sold to the end customer by a retailer.

What is deregulation, and how has it affected Alberta's electric industry?

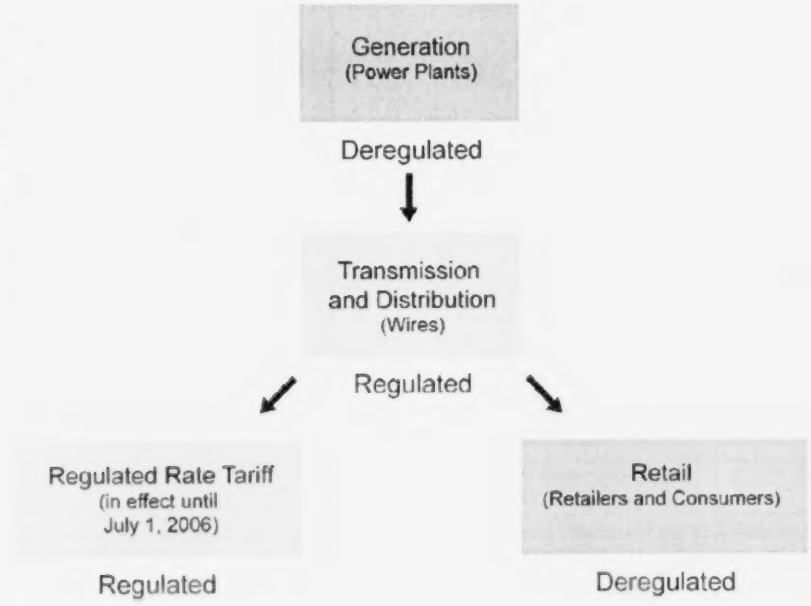
Deregulation of the electric industry occurred on January 1, 2001. Before deregulation, one company typically provided generation, transmission, distribution, and sale of electricity to customers. Electric utilities had assigned service areas, and which company sent you your bill depended on where you lived in the province, as shown on the map on page 3.

Customers now may choose their retail supplier of electricity. While a customer's local distribution utility, often referred to as the "wires company," will continue to operate and maintain the wires to provide electricity to the customer's home, another company may be supplying the power.

How is Alberta's electric industry regulated?

Under the restructuring of the electric industry in Alberta, the price of generation is no longer regulated. Power is now freely traded through an exchange operated by the independent Alberta Electric System Operator (AESO). In the spot market operated by the AESO, competing generators submit price bids for specific amounts of electricity. The price at which sufficient supply becomes available to satisfy demand becomes the hourly pool price. The EUB continues to ensure that power facilities are built, operated, and decommissioned in an economic, efficient, and environmentally responsible way.

Alberta's Electricity Market



If Alberta is moving towards deregulation, why are transmission and distribution still fully regulated?

Transmission and distribution remain fully regulated because they are natural monopolies. It wouldn't make economic sense to have more than one set of wires and poles to deliver electricity to customers. Regulation is necessary to set the prices for those parts of the electric industry where competition is not practical or possible.

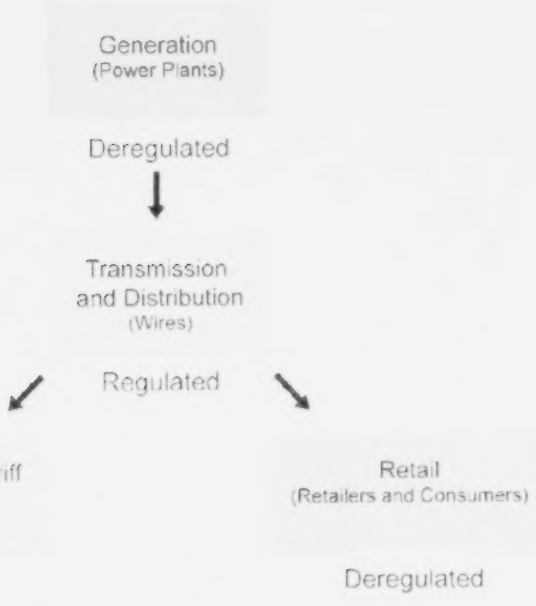
Consequently, the EUB continues to approve transmission tariffs. These tariffs provide the wire owners with income for the use of their facilities. While utilities continue to own the transmission lines, the AESO now administers the province's transmission system. Its role is to provide buyers and sellers with nondiscriminatory access to the market and to ensure that the transmission system is reliable and operated efficiently. More information on the role of the AESO may be found on the Web at www.aeso.ca.

The EUB also continues to approve distribution rates for investor-owned and certain municipally owned utilities to ensure that they are just and reasonable. Delivery charges for other utilities continue to be set by the applicable regulator—by municipal councils with respect to some municipally owned utilities and by the board of directors for Rural Electrification Associations (REAs).

What do I pay for when I pay my electricity bill?

Rates customers pay reflect charges for each of the three major services described above—generation, transmission, and distribution. You have always paid for all three services, but the charges have not always been separated on your bill. This has changed under deregulation, and separate charges are now shown on your bill.

Alberta's Electricity Market



If Alberta is moving towards deregulation, why are transmission and distribution still fully regulated?

Transmission and distribution remain fully regulated because they are natural monopolies. It wouldn't make economic sense to have more than one set of wires and poles to deliver electricity to customers. Regulation is necessary to set the prices for those parts of the electric industry where competition is not practical or possible.

Consequently, the EUB continues to approve transmission tariffs. These tariffs provide the wire owners with income for the use of their facilities. While utilities continue to own the transmission lines, the AESO now administers the province's transmission system. Its role is to provide buyers and sellers with nondiscriminatory access to the market and to ensure that the transmission system is reliable and operated efficiently. More information on the role of the AESO may be found on the Web at www.aeso.ca.

The EUB also continues to approve distribution rates for investor-owned and certain municipally owned utilities to ensure that they are just and reasonable. Delivery charges for other utilities continue to be set by the applicable regulator—by municipal councils with respect to some municipally owned utilities and by the board of directors for Rural Electrification Associations (REAs).

What do I pay for when I pay my electricity bill?

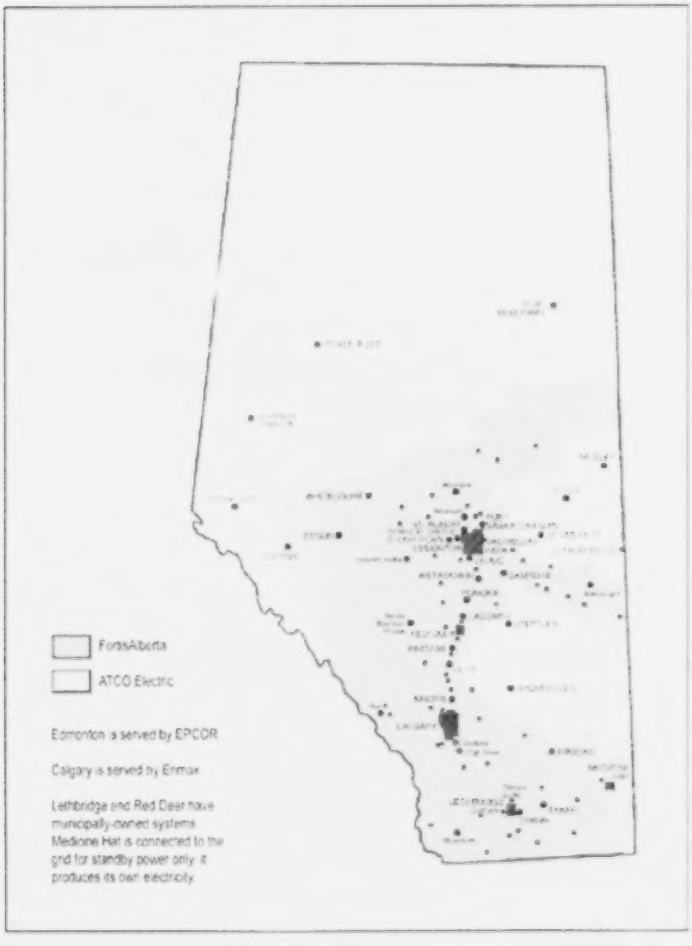
Rates customers pay reflect charges for each of the three major services described above—generation, transmission, and distribution. You have always paid for all three services, but the charges have not always been separated on your bill. This has changed under deregulation, and separate charges are now shown on your bill.

The Distribution and Transmission charges on your bill contain both fixed and variable charges. The fixed charge or basic monthly charge recovers those costs that do not vary with consumption of electricity. These charges include the design, maintenance, and financing of the electric system. The variable charge component recovers the costs that vary depending upon the consumption of electricity.

The Local Access Fee is billed on behalf of some municipalities through a franchise agreement with your wire service provider. It is designed to recover the fee paid by the utility to the municipality.

Rate Riders are widely used within regulated businesses in Alberta and within the electricity industry. Riders represent the difference between the actual cost incurred to provide electricity and the approved rate paid for by customers during a time period. A rider can appear either as a credit or a debit, depending on the costs incurred by the utility.

What are the service areas for electricity?


FortisAlberta
ATCO Electric
Edmonton is served by EPCOR
Calgary is served by Enmax
Lethbridge and Red Deer have municipally-owned systems
Medicine Hat is connected to the grid for standby power only; it produces its own electricity

Fortis Inc. announced that it has completed the acquisition of the electric wires company formerly known as Aquila Networks Canada (Alberta) Ltd. Fortis has acquired all of the issued and outstanding shares of Aquila and renamed the company **FortisAlberta**. Effective May 31, 2004, FortisAlberta now owns and operates the distribution system throughout the former Aquila territory.

What is the regulated rate tariff (RRT), and who is eligible for this rate?

To ensure continuity of service, the majority of electricity customers in Alberta are not required to make a choice respecting retailers. A recent extension has been announced to the regulated rate tariff for both small business and residential consumers. Residential and farm customers, as well as small commercial and industrial customers whose annual consumption of electricity does not exceed 250 000 kilowatt hours (kWh), are able to remain on a regulated rate until **July 1, 2006**. This is an extension to the previous date of December 31, 2005, set for the residential and farm customers and the date of December 31, 2003, for the small and industrial customer remaining on the regulated rate tariff. After July 1, 2006, these customers will be able to remain on a regulated default supply, which will be a pass-through of the market price and will not be required to sign a contract with a competitive retailer unless they choose to do so.

The regulated rate tariff (RRT) (formerly referred to as the Regulated Rate Option or RRO), is basically a pass-through of costs associated with procuring the electric energy. This energy charge forms one component of customers' bills. Other charges recover the costs of transmission and distribution wires, local access fees, and other billing and administrative costs.

The EUB is responsible for establishing the regulated rate for customers within the service areas of ATCO Electric and FortisAlberta (formerly known as Aquila). Effective January 1, 2004, the EUB regulates EPCOR within the City of Edmonton and ENMAX within the City of Calgary. Other wire owners, including municipalities such as Red Deer, Lethbridge, and the Crowsnest Pass, which are served by ENMAX, and REAs are required to file their RRTs with the EUB for information purposes only.

What is the RRT for 2004?

RRT energy charges vary among the different service areas. As noted above, the EUB approves the RRT energy charge based upon the costs of energy for Direct Energy, EPCOR, and ENMAX within the City of Calgary. In 2003, the EUB approved the sale of ATCO's retail businesses to Direct Energy. Starting May 4, 2004, with the close of the sale, Direct Energy provides RRT service to customers in ATCO's service area. For current approved rates and interim rates, contact your RRT provider, Direct Energy, EPCOR, and ENMAX. Direct Energy's rates are on line at www.DirectEnergyRegulatedServices.com, or you may call 1-866-420-3174. EPCOR's rates are on line at www.epcor.ca, or you may call toll free to 310-4300. ENMAX's rates are on line to www.enmax.com, or you may call toll free to 310-2010.

How are the 2004 RRT rates different for EPCOR in the FortisAlberta service area and Direct Energy in the ATCO Electric service area?

In the past, EPCOR and ATCO Electric purchased electricity differently. EPCOR, with the support of its RRT customers, chose to limit its exposure to price fluctuations by hedging, investing in spot and monthly electricity contracts that would offset each other if prices changed. Consequently, the 2004 RRT remains a stabilized rate, as EPCOR currently continues with this methodology.

In contrast, in late 2002 ATCO Electric received approval from the EUB to implement a monthly RRT price based on hourly market prices. This system was designed to avoid accumulations of large surpluses or deficits by ATCO, which would require subsequent rate riders. Residential, farm, and irrigation customers saw this change on their bills beginning in April 2003. However, recent legislative changes prohibit the use of such a flow-through mechanism. Since May 4, 2004, Direct Energy provides RRT service to customers in the ATCO service area. Direct Energy has successfully negotiated a procurement strategy similar to that of EPCOR. Both companies will allow for incremental costs associated with a hedged electricity portfolio to be recovered in the energy cost component of the RRT. The expectation is to produce a stable quarterly RRT for customers.

What are deferral accounts, and how do they affect my bill?

Deferral accounts are designed to ensure that customers pay only the actual cost of electricity. Deferral accounts can be negative or positive, depending on whether actual electricity prices were lower or higher than the recovered costs. So, if the utility pays less for electricity than the approved rate, a surplus is created; if the utility pays more for electricity than the approved rate, a deficit accrues in the deferral account.

In 2001, the amount RRT providers (formerly known as the RRO providers) were allowed to charge for electricity was capped by the government at 11 cents per kilowatt-hour. However, some RRT providers paid more than this for the energy they purchased for customers and some paid less. RRT providers were allowed to come to the EUB for a review of any costs they incurred in excess of the cap. If the EUB agreed that these additional costs were properly incurred on customers' behalf, the RRT provider's regulator would allow these amounts to be collected from customers starting in 2002. Most customers have seen the end of these deferral account riders on their bills.

What is the TRUE-UP item on my bill from EPCOR?

True-up is a process that is necessary to allow Aquila to balance the distribution and transmission (D&T) charges that have been assessed against sites since June 2002. For the period June 2002 through July 2003, Aquila based its D&T charges on an estimate of each customer's consumption. These estimates are now being "trued up" to reflect both actual usage by the customer and the amount of energy used on the overall Aquila system. As of August 1, 2003, Aquila is using a better methodology based on actual meter reads rather than charges based on profile usage, seasonal conditions, meter readings, and consumption history.

True-up adjusts the D&T billing to the actual consumption per site and so should enhance the quality of customer information and billing. This information is passed on to the retailer (EPCOR), the billing agent for customers, and is corrected on billings. This rebalancing of the D&T charges can result in a credit or debit on your account, depending on the accuracy of your original profile. These cancel/rebill charges began to appear on bills in September 2003 and can be expected until the end of 2004. The true-up files were initially processed for a three-month period (June-August 2002) and then only one month at a time.

The EUB is not responsible for approving these charges; therefore, it is recommended that all inquiries related to the Aquila true-up and the changes on billing line items be directed to EPCOR Energy Services at 310-4300. This is a local call from anywhere in Alberta.

What happens if I am not eligible for a regulated rate?

Commencing January 1, 2001, customers not eligible for the RRT who had not yet chosen a retailer started to receive service from a default supplier at an unregulated rate. These customers are entitled to leave default supply upon giving three days' notice if they wish to obtain service from another retailer.

Whom do I contact if I have inquiries or concerns about my electricity service?

Concerns about service problems, such as outages, and meter reading issues should be raised with your wires company the distribution utility. Any concerns respecting your billing should be raised with your retailer.

- ATCO Electric's toll-free number is 1-800-668-2248.
- Direct Energy in Calgary 403-245-7838
  in Edmonton 780-420-7838
  in the rest of Alberta 1-866-420-3174
- ENMAX's toll-free number is 1-877-571-7111
- EPCOR's toll-free number for its call centre for Aquila customers is 310-4300.
- EPCOR's toll-free number for City of Edmonton customers is 412-4000.
- FortisAlberta's (formerly known as Aquila) toll-free number is 310-WIRE (310-9473).

When may a utility disconnect my service?

Pursuant to the *Electric Utilities Act* amendment of January 9, 2004, an electric utility may not disconnect a customer for nonpayment of a bill at any time during the period from October 15 to April 15 or at any time when the temperature is forecast to be below 0° Celsius in the 24-hour period immediately following the disconnection. This new legislation allows a utility to install a device to limit or reduce the amount of electric energy provided to the customer. This is applicable for both residential and farm rate customers and must be implemented as soon as reasonably possible, but no later than **October 15, 2004**.

A utility company may terminate service without notice for evidence of actual or threatened danger to life or property, safety violations, energy theft, or fraud or if there is any tampering with any company facilities.

Failure to receive a bill does not release you from your obligation to pay the utility. If your account has not remained in good standing with a utility and a disconnection notice (whether by letter, collection call, or notice on the billing statement) has been issued, you are required to contact the financial collection department of the utility to make payment arrangements that are satisfactory to the utility. These payment arrangements are binding like a contract, and if you fail to complete the terms agreed upon, disconnection of service may occur without further notice (*except during the period from October 15 to April 15 or when the temperature is expected to be below 0°C 24 hours after the disconnection*).
Prior to having the service reconnected, the utility may request payment of

- amount owing to utility company,
- applicable reconnection fee (as per terms and conditions of service rate schedule), and
- security deposit, if required according to the terms and condition of service.

How often must my meter be read?

Frequency of meter reading has been established as part of the Settlement System Code, overseen by the Alberta Electric System Operator (AESO). Under these rules, electric utilities are required to make reasonable attempts to obtain an actual meter reading every two months. The EUB approves estimating consumption during a period when a meter reading has not been feasible.

The types of meters available for measurement of consumption are interval and cumulative meters. Interval meters are for high-usage (industrial) customers and are designed to measure consumption on an hourly basis, as electric energy is priced on an hourly basis. Cumulative meters are used for residential, farm, and small general service (nonindustrial) sites to measure the ongoing flow of energy; it is not measured at a specific time but is the accumulated consumption over a period of time. In addition, an automatic meter reading device can be used with a cumulative meter. This device electronically transmits the meter reading back to the utility company. For sites not equipped with the automatic meter reading device on the cumulative meters, utilities generally attempt to read the meter every other month.

What do I do if I think the meter readings on my bill are inaccurate?

If you have concerns regarding the amount of metered consumption showing on your bills, you should contact the utility. If you aren't satisfied with the response from the utility, you may contact Measurement Canada to have the meter in question tested or calibrated, subject to a fee at your expense. If the meter in question is found to be accurate within the limits prescribed from time to time by Measurement Canada, no adjustment will be made to your billings based upon readings of the meter. However, if the test of the meter discloses that it is not accurate within the prescribed limits, then any meter handling and meter testing fees you paid will be refunded and your billings will be adjusted accordingly.

You may contact Measurement Canada in

- Edmonton at (780) 495-2491
- Calgary at (403) 292-5605

What if I am unhappy with the service provided by my utility company or need further information?

You should contact your service provider directly in the first instance to discuss concerns. If you are still dissatisfied after speaking directly with the utility company, you may contact the EUB for assistance. The EUB's Utilities Branch deals with complaints respecting those companies that the EUB regulates. The EUB regulates all investor-owned and some municipally owned distribution utilities and certain RRT providers to ensure that they are providing customers with safe and adequate service at just and reasonable rates. It is important to understand that the EUB's authority to deal with your complaint is limited to certain legislated powers, which mainly include the terms, conditions, and rates under which a regulated utility provides services to its customers. In some situations, your dispute may be beyond the EUB's jurisdiction.

It is important to understand that the EUB's authority to deal with your complaint is limited to certain legislated powers, which mainly include the terms, conditions, and rates under which a regulated utility provides services to its customers. In some situations, your dispute may be beyond the EUB's jurisdiction.

How do I make a formal complaint to the EUB?

If you are not satisfied with the response of your utility company, please contact the EUB by telephone, letter, fax, or e-mail, detailing the nature of the issue, the facts surrounding the complaint, and the action you would like. **Please note that complaints need to be received in writing to proceed to a more formal review level at the EUB**. This correspondence must indicate your permission for the EUB to investigate the matter on your behalf and allows the utility to release information to the EUB.

EUB Utilities Branch
Phone: (780) 427-4903
Fax: (780) 427-6970
E-mail: Utilities.Concerns@gov.ab.ca
Address: 10055 - 106 Street, 10th floor, Edmonton, Alberta T5J 2Y2

In addition, the EUB has recently updated and published *Guide 61: How the EUB Responds to Utility Customer Complaints*, which may be of assistance. This guide is available on the EUB Web site at www.eub.gov.ab.ca.

What happens to my complaint?

EUB staff will let you know by letter, e-mail, or telephone that the EUB has received your written complaint. If we do not need an explanation from the utility in question, we will send you information directly from our office. However, usually we contact the utility first and have it report back to us or to you regarding your inquiry. We will then review the utility's response and contact you by letter, explaining our findings. Sometimes a public hearing may be required to resolve the complaint. The time it takes to deal with the complaint depends on the nature of your complaint and the complexity of the issue. If you are not satisfied with the resolution or information provided, you may contact the EUB for further clarification. This process will not change the rates and regulations approved by the EUB in current decisions.

What happens if my complaint is outside the EUB's jurisdiction?

For information on retail marketers of natural gas and electric power, contact
Alberta Government Services
Consumer Services Division
Northern Alberta, call (780) 427-4088*
Southern Alberta, call (403) 297-5700*
*To call toll free, dial 310-0000 or check out the customer choice Web site at www.customerchoice.gov.ab.ca.
For questions about services provided by retail marketers of natural gas and electric power, contact them directly.

The Public Utilities Board Act grants the EUB the jurisdiction and power of investigation of utilities and rates. You might also consider pursuing your complaint through the Office of the Utilities Consumer Advocate. Alberta's newly appointed Utilities Consumer Advocate and his staff hear and deal with concerns about utility service in the province. They monitor complaints to identify patterns and trends and provide an analysis of this information to consumers, utilities, government, and regulators to make sure consumer concerns are heard. A key function of the office is monitoring proceedings of the EUB and other regulatory bodies to ensure that decisions take residential, small business, and farm customer concerns into account. They may directly intervene in regulatory proceedings or put consumers in touch with like-minded individuals or groups already making their case before the regulators. You can reach the Utilities Consumer Advocate by phone at 644-5200 in Edmonton and 1-866-714-4455 anywhere in Alberta;
by e-mail at UtilitiesConsumerAdvocate@gov.ab.ca;
or on their Web site at www.utilitiesconsumeradvocate.gov.ab.ca.

Although the Office of the Utilities Consumer Advocate does not duplicate the investigation procedures of the EUB, it will be able to monitor a complaint to ensure future regulatory proceedings address the customer's concerns.

For concerns about municipally owned utilities, contact your local service provider, local council members, or mayor. The EUB has limited authority over these utilities, restricted to investigating complaints when a consumer believes rates are discriminatory, improperly imposed, or fail to conform to the rate structure established by the municipality. Effective January 1, 2004, however, the EUB assumed full jurisdiction over the electrical distribution and regulated rate tariffs and terms and conditions of service of EPCOR in the City of Edmonton and ENMAX in the City of Calgary.

For Rural Electrification Associations (REAs), contact the directors of the specific REA or Alberta Federation of REAs Ltd.
110-115 Portage Close
Sherwood Park, Alberta T8H 2R5
Telephone: (780) 417-3396
Toll free: (1-877) 717-3496

The EUB also has limited jurisdiction to hear complaints about the distribution tariffs of REAs.

What protection do customers have regarding service provided by competitive retailers?

Retailers wishing to sell to the core market—comprising residential, farm, and small businesses—have to be licensed by Alberta Government Services and post a $1 million bond. They also have to follow a code of conduct with respect to the marketing of their services to the core market. Further information about licensing requirements and current lists of licensed retailers are available on the Alberta Government Services Web site at www.gov.ab.ca/gs.

Where can I learn more about my options and choices?

To learn more about the emerging electricity marketplace and the choices that Albertans may now make regarding their electrical services, you are encouraged to visit the Web site that the Alberta government has created specifically for this purpose: www.customerchoice.gov.ab.ca.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcements of Energy Developments in Alberta
No. 4 All About Critical Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No. 10 Coalbed Methane
No. 11 Natural Gas Utilities
No. 12 Utility Concerns: How to Make a Complaint to the EUB

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are on the main floor of the EUB head office in Calgary. Publications may also be downloaded from the EUB Web site www.eub.gov.ab.ca.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), by fax (403-297-7040), or by e-mail (eub.info_services@gov.ab.ca).

EUB Offices	Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
	Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
	Edmonton (Utilities)	(780) 427-4901
	Edmonton (Alberta Geological Survey)	(780) 422-1927
Field Centres	Bonnyville	(780) 826-5352
	Drayton Valley	(780) 542-5182
	Grande Prairie	(780) 538-5138
	High Level	(780) 926-5399
	Medicine Hat	(403) 527-3385
	Midnapore	(403) 297-8303
	Red Deer	(403) 340-5454
	St. Albert	(780) 460-3800
	Wainwright	(780) 842-7570

To call toll free, dial 310-0000.

PROPOSED OIL AND GAS DEVELOPMENT: A LANDOWNER'S GUIDE

When oil and gas companies propose development on or near your property, you want to be aware of your rights as a landowner and the options available to you.

What are my rights?

Under Alberta Energy and Utilities Board (EUB) regulations, requirements, and guidelines, a company applying to develop an oil or gas project must provide information to all parties whose rights may be directly affected so they can fully understand what is being proposed and what the potential impacts may be. The company must give you details about how and why it chose proposed locations for any well, pipelines, facilities, or access roads. The company must also tell you what to expect in terms of equipment use and operations during the production phase.

What are the company's rights?

Most land in Alberta carries two titles and two sets of rights. The surface title gives the landowner full control of the land's surface and the right to work it. The mineral title gives the company or person who owns the minerals under that land the right to explore for oil and gas. In some situations, title to land will give the owner both the surface and the mineral rights. If title to the land is split, the mineral owner needs access to the land surface to drill and produce oil and gas.

Two important conditions apply to the company's right to explore. First, drilling and production activity must be done in a way that is environmentally and technically acceptable. Second, a company must operate in ways that cause the least possible interference with the landowner's use of the land.

What can I expect the company to do first?

One of the early steps in the well site or pipeline route selection process is a survey. The company needs a survey to identify the exact location of the proposed well site, access road, pipeline, or facility and the surface area required. Under the Alberta Surveys Act, the surveyor has the right to enter your property to survey after making a reasonable attempt to notify you. It is common practice—and common courtesy—for a company representative to contact you before surveying. The purpose of the visit will be to advise you of the approximate well and road or pipeline location being proposed. The company is responsible for the cost of any damages caused by the survey.

What kind of landowner/company arrangements are most common?

Pipeline Right-of-Way

The pipeline easement (right-of-way) is an agreement between a landowner and a company in which the landowner receives financial compensation in return for

allowing a company to create an easement, or right-of-way, for pipeline routes. Normally, a pipeline easement or facility surface agreement is obtained before the EUB approves an application to construct a pipeline or facility, except in cases where a dispute between a landowner and a company exists.

Pipelines link the oil and natural gas industry's "upstream" sector, which produces oil, natural gas and related products from underground reservoirs, and the "downstream" sector, which handles refining, marketing and product distribution.

The upstream sector operates gathering, or flow lines, which move raw products from remote wells to processing facilities or directly to larger transmission pipelines. Products travel through pipelines under pressure created by compressors and pump stations. Compressors powered by gas engines or electric motors can compress the natural gas in pipelines up to one hundred times the normal atmospheric pressure.

You have the right to be fully informed about what kind of pipeline project is being planned on or near your land. Under EUB regulations and guidelines, the company must

- provide you with a description of the project and how it will affect you;
- ensure that you fully understand the proposed construction schedule and method;
- make sure you are familiar with the product(s) being transported by the pipeline or being handled at the facility; and
- address all concerns regarding soil handling, site reclamation, and other issues related to the planned pipeline and/or facility.

Pipeline and facility construction must also meet Alberta Environment's Environmental Protection Guidelines. Pipelines typically stay in the ground after reclamation.

Well Site Selection

Geologic and seismic data are important in choosing the well site. The company will normally select a well location based on the geology of nearby wells or on seismic information. Some of the company's information may be confidential. However, the company should give you basic geologic information so that you know what restrictions there may be regarding choosing a different location for the well.

Moving away from the best geologic location could increase the risk of drilling a dry hole, which has no significant amount of oil or gas, or recovering less oil or gas.

What should I expect during the negotiation process?

After consultation has been initiated by the company and you begin negotiations, various situations may arise. You and the company may agree or disagree about the site of a well and related facilities or the route of a pipeline. If the proposed project is located directly on your land, you may agree or disagree about the compensation you should receive. Landowners receive financial compensation in return for allowing companies to place a well site on their land.

Further information related to compensation is available from the Surface Rights Board (SRB) or from your EUB Field Centre (see last page). The EUB does not deal with compensation issues. Note that the SRB, not the EUB, deals with payments for right-of-way, crop loss, and other damages.

Negotiations often result in an agreement that meets the needs of both parties. The EUB encourages a negotiated agreement and recommends that all commitments be confirmed in writing. An agreement that meets the needs of both parties can help to maintain a good working relationship for the life of the proposed project.

Are there drilling options if the company and I can't agree on a site location?

If you are having difficulty agreeing on a site, directional drilling could be a solution. Directional drilling means drilling the well diagonally instead of vertically. Sometimes landowners prefer a well location outside of a target area or away from the best geologic point. If this is the case, you can ask whether the well can be directionally drilled to the target from a surface location with less impact.

While a directional well may be technically possible in a number of situations, it increases the cost of drilling and producing the well. The increased costs and benefits of directional drilling must be weighed against the impacts of vertical drilling. You may want to ask the company to estimate the additional costs for a directional well in relation to the value of anticipated production.

Directional drilling technology has improved in recent years. It is now fairly common in some areas of the province to drill several directional wells from the same surface location and reduce surface impacts. This practice is prevalent in areas where spacing is greater than one well per legal subdivision.

What if my land-use plans change in the future?

Before agreeing to a well site or to a location for a pipeline, facility, or access road, consider how it may affect your present and future land use. Further details can be found in EnerFAQs No. 3: Setbacks.

Also, make sure you understand the company's soil handling, lease preparation, and reclamation methods. The company should be considering land surface conditions, current and potential land use, environmental sensitivity, and reclamation. The company must also consider any negative effect on land use,

the environment, and associated visual impacts and the concerns of persons whose rights may be directly or adversely affected. For example, a location on unproductive land, such as a slough or hillside, may seem like a good choice to you, but the company must consider environmental impacts, the ability to reclaim the site, and the impact on neighbours. Such impacts could prevent the use of a site that is otherwise favourable to you and the company.

What type of construction or drilling approval process exists?

The EUB's application process ensures that the proposed project meets all regulatory requirements. If there are no outstanding objections from landowners, residents, other industry participants, or other affected parties and the application meets all legal and technical requirements, the EUB will likely issue a licence.

In addition, some applications processed by the EUB are selected for an audit review before or after the licence has been issued to ensure that they meet all regulatory standards.

What if all parties agree on the site?

If you and the company agree on the location of any well, facility, pipeline route, and access road, the company applies to the EUB for a licence to proceed with the development. If the application meets all legal and technical requirements, the EUB grants the licence.

Note that a well licence alone does not give the company the right to enter your land. In this instance, the company must first obtain a well licence from the EUB. It can then apply to the SRB for a right-of-entry order. The order allows representatives of the company to enter your land to perform the tasks approved by the EUB. The SRB will then conduct a hearing to determine the compensation to be paid.

What if an agreement on a site can't be reached?

If you and the company cannot agree on the location for a well, facility, pipeline, or access road, either party may ask the EUB for its involvement.

The EUB is responding to heightened public concern and to landowner and stakeholder issues in new ways, including strengthening its practice of making staff available to facilitate discussions between landowners and companies early in the application process. This is called field facilitation. The goal is to identify and promote resolution of concerns before they intensify.

The EUB will normally require documentation from the company on the progress of previous negotiations and an explanation of why an agreement could not be reached and will ask you to explain how you will be affected. The EUB may also be asked to facilitate earlier in the process if the parties have difficulty getting started.

The EUB might suggest these options:

- The two parties should attempt negotiations again.
- The EUB should become involved as a facilitator.
- The parties could use a neutral third party to mediate.

If these methods fail to produce an agreement, either party may request an EUB hearing.

What is Appropriate Dispute Resolution?

In January 2001, the EUB implemented the Appropriate Dispute Resolution (ADR) program. The program was developed in response to requests by both the public and industry to be more directly involved and to have more control in resolving disputes involving wells, pipelines, production facilities, electrical substations, transmission lines, and other facilities in the industries regulated by the EUB. While it may not be the answer to every dispute, the ADR process has often been successful in reducing the number of issues needing to be addressed and, in some cases, eliminating the need for a formal hearing.

What is the purpose of an EUB hearing?

An EUB hearing is a formal, court-like proceeding that provides the opportunity for affected parties to express their points of view and provide supporting evidence. If a hearing is to take place, notice is sent directly to landowners and residents who may be directly and adversely affected by the proposed project. Newspaper advertising is also generally used.

At a hearing there is an opportunity for you, as an intervener, to explain your position and give evidence to the EUB regarding the proposed project. This formal process ensures that all relevant arguments both for and against the application are heard. Further details are available in EnerFAQs No. 2 Having Your Say at an EUB Hearing.

Who officiates at a hearing and when is a decision made?

Normally, a panel of three EUB decision-makers hears evidence from the applicant and interveners who may or may not wish to be represented by a lawyer. The panel considers the evidence and arguments presented and issues a written report giving the decision and the reasons for it, usually within 90 days after the close of a hearing. The report is then made public and given to all participants.

The panel will decide to

- approve the project unconditionally,
- approve the project subject to certain conditions, or
- deny approval of the project.

Who pays for an EUB hearing?

The company applying to develop the project is required to pay the reasonable costs associated with the hearing. The EUB determines whether a participant is eligible to recover costs incurred for the preparation and presentation of its intervention. The EUB will only require the company to pay those costs that it determines to be reasonable and directly and necessarily related to the proceeding. (For more information, see *Guide 31A: Guidelines for Energy Cost Claims*.)

How much more development will occur if drilling is successful?

If successful drilling leads to production, a wellhead or pump will be required on oil wells and a heater may be necessary for gas wells. Other equipment, such as pressure vessels and tanks, may be placed on the well site where it causes the least interference with farming operations (e.g., between the well and a nearby fence line).

Production facilities such as separators, heaters, and tanks make up what is called a battery. The company must discuss the location and details of production facilities with you and any other land occupants. You have the right to ask questions about these production facilities and to voice concerns about the construction of production facilities, even if a well site exists.

Will it cost me anything to reclaim the site if the well is unsuccessful?

No. If a well turns out to be a dry hole, the company will likely abandon it and must reclaim the site. Before the company gives up the surface lease, it must obtain a reclamation certificate from Alberta Environment (AENV). The Reclamation Certificate is issued only after AENV is satisfied that the site has been properly reclaimed.

How do I get more involved?

In many communities, neighbours meet with EUB representatives and area oil and gas companies to resolve local issues together. The EUB calls these synergy groups. The public is strongly encouraged to participate in these local groups. Synergy groups exist in communities all over the province, and each is structured to meet the unique needs of the community and local operators. There is no cookie-cutter approach. Members of such groups have found that they are stronger and better informed together than they may be as individuals. If you would like to join or form a synergy group, contact your nearest EUB Field Centre (see last page), as the EUB participates in nearly all the synergy groups in Alberta.

Remember, you have the right to ask questions at any point in the development process about drilling, pipeline, and production operations that affect you and your neighbours.

Possible Questions for Discussion Between You and the Company

(Not all questions apply to every proposed project)

1 Proposed Energy Development Details

1.1 Is there a community-based group dealing with energy issues in my area?

1.2 What kind of development is being proposed?

1.3 How was the surface location selected?

1.4 How will drilling activities and production affect my land/farming operations?

1.5 What is the company's plan to handle drilling waste?

1.6 When will reclamation occur, and how long will it take?

1.7 Why do you want to put a pipeline on my land, and what will it transport?

1.8 What are the emergency, safety, and shutdown requirements to be used on this pipeline?

1.9 Have alternative pipeline routes been considered; why was this one chosen?

1.10 How will the company handle the topsoil? What are the plans to mitigate and handle subsidence?

1.11 To what state will the land be restored after the pipeline is constructed?

2 Sour Gas and Emergency Response Planning

2.1 Will the well encounter hydrogen sulphide (H_2S), or will the pipeline transport H_2S?

2.2 What is the company doing to protect public safety?

2.3 What are the details of the emergency response plan?

2.4 Will I be compensated for any damage done during an emergency situation?

3 Setbacks

3.1 What is the setback for the proposed development?

3.2 May I develop my land if it falls within a setback?

4 Flaring, Incinerating, and Venting

4.1 Will the proposed project involve any flaring or incineration of waste gas?

4.2 If so, when and under what circumstances will flaring or incineration occur?

4.3 What steps has the company taken to eliminate or reduce flaring, incineration, and venting?

4.4 Will the company notify me when servicing work results in flaring or venting?

5 Odours, Noise, and Traffic

5.1 What can cause odours during drilling and production operations?

5.2 What are the plans to minimize noise levels?

5.3 What type and volume of traffic might I expect at various stages of development?

5.4 How will the company respond to issues or concerns that may arise in day-to-day operations of the facility, and whom may I contact?

6 Environmental Issues: Soil, Water, and Visual

6.1 What steps will be taken to ensure protection and the least amount of impact to the environment?

6.2 How will the soil quality be protected?

6.3 What are the water needs of the company?

6.4 How will the company protect the supply and quality of aquifers and water wells at all stages of exploration and during ongoing operations?

6.5 How will companies reduce potential visual impacts associated with facilities?

7 Animal Health

7.1 Will my livestock and pets be evacuated if there is an emergency? If not, who will feed and water them?

7.2 Who will monitor the health of my livestock after an emergency, and for how long?

Additional Information

There are a number of publications developed and available from the EUB regarding well, pipeline, and facilities applications. These publications form part of *Guide 56: Energy Development Applications and Schedules*. In particular, Section 2: Participant Involvement describes the minimum requirements a company must meet regarding public consultation and notification when making a well, pipeline, or facility application to the EUB. In addition, the EUB may be contacted directly at (403) 297-4369 or via e-mail at Guide56.help@gov.ab.ca with inquiries related to *Guide 56*.

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 7 Electricity and the EUB
No. 9 Animal Health
No. 10 Coalbed Methane
No. 11 Natural Gas Utilities
No. 12 Utility Concerns: How to Make a Complaint to the EUB

In addition, the following agencies provide supplementary information regarding oil and gas development in Alberta and the public:

The Farmers' Advocate

Assists in the resolution of disputes on matters relating to the farming community and provides information on farming community matters.
305, 7000 – 113 Street
Edmonton, Alberta T6H 5T6
Phone: (780) 427-2433 (toll free by first dialing 310-0000)
Fax: (780) 427-3913
http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/ofa2621

Alberta Surface Rights Board

Provides information regarding entry or compensation related to oil and gas resource activity on privately owned or Crown occupied lands.
18th Floor, 10030 –101A Avenue
Phipps-McKinnon Building
Edmonton, Alberta T5J 3G2
Phone: (780) 427-2444 (toll free by first dialing 310-0000)
Fax: (780) 427-5798
Http://www.surfacerights.gov.ab.ca/srb/

Alberta Environment

Leads resource planning and sustainable development on behalf of all Albertans, providing provincewide strategies that integrate industry, government, and public uses of Alberta's land and resources.
Main Floor, Petroleum Plaza South Tower
9915 – 108 Street
Edmonton, Alberta T5K 2G8
Phone: (780) 427-2700 (toll free by first dialing 310-0000)
Fax: (780) 422-4086
http://www3.gov.ab.ca/env/land/index.html

The Registrar of Land Agents

Investigates concerns regarding a land agent or any complaints dealing with matters pertaining to the *Land Agents Licensing Act* or the *Land Agents Licensing Regulations*.
12th Floor, South Tower
Seventh Street Plaza
10030 – 107 Street
Edmonton, Alberta T5J 3E4
Phone: (780) 415-4600 (toll free by first dialing 310-0000)
Fax: (780)422-7173
http://www3.gov.ab.ca/hre/lal/index.asp

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site www.eub.gov.ab.ca.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail eub.info_services@eub.gov.ab.ca.

EUB Offices

Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres		
	Bonnyville	(780) 826-5352
	Drayton Valley	(780) 542-5182
	Grande Prairie	(780) 538-5138
	High Level	(780) 926-5399
	Medicine Hat	(403) 527-3385
	Midnapore	(403) 297-8303
	Red Deer	(403) 340-5454
	St. Albert	(780) 460-3800
	Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

ANIMAL HEALTH

Alberta farmers and ranchers whose operations are located near oil and gas facilities occasionally ask questions and express concerns about potential impacts on livestock. This EnerFAQs describes the animal health investigation procedure that has been developed to address these questions and concerns.

What is an Animal Health Investigation?

An agreement known as the *Memorandum of Understanding for Investigations of Animal Health Complaints Involving the Petroleum Industry* was reached in August 2002 (see EUB *Informational Letter [IL] 2002-04*, available on the EUB Web site www.eub.gov.ab.ca). With it, the Alberta Energy and Utilities Board (EUB), Alberta Agriculture, Food and Rural Development (AAFRD), the Alberta Cattle Commission, the Canadian Association of Petroleum Producers (CAPP), and the Small Explorers and Producers Association of Canada (SEPAC) established guidelines for dealing with animal health issues that arise between the agricultural community and the petroleum industry.

The memorandum of understanding (MOU) details the protocol for investigating animal health incidents using the Animal Health Investigator, who is a qualified independent veterinarian. A steering committee consisting of a member of each of the participating agencies deals with the administrative aspects of the process and the Animal Health Investigator.

The MOU details the primary roles, responsibilities, and expectations of the agencies and associations, the Animal Health Investigator, the oil and gas company, and the livestock owner in any particular incident.

The agricultural community has been using the services of the Animal Health Investigator since September 1998, and the EUB urges people to continue this practice.

How does the Animal Health Investigation process work?

Note that this is a summary only. For the complete explanation, please see EUB *IL 2002-04*.

Step 1: Getting an Animal Health Investigation started

Some of the contacts and activities that follow in step 1 may happen simultaneously. For example, the veterinary practitioner may actually have been contacted and already be trying to assess the cause of the problem at the same time that the EUB is contacting the company.

Livestock Owner

- contacts the EUB Field Centre if there is concern that the animal health problem may be related to oil/gas activity;
- contracts a private veterinary practitioner to determine the health problem;
- may contact the operator or owner of the suspected oil/gas facility;
- may collect samples on advice of the veterinary practitioner or Animal Health Investigator;
- may take photographs.

EUB

- provides Parts A, B, and C of the Complaint Form and a copy of *IL 2002-04* and its MOU to the livestock owner (note that this may not happen as an initial step, for instance, if the complaint is phoned in);
- completes Part A of the Complaint Form and does a site visit if necessary;
- faxes Part A of the Complaint Form to the Animal Health Investigator;
- contacts the operator/owner of the suspected oil/gas facility and provides the completed Part A of the Complaint Form, the Oil/Gas Company Response Form, and a copy of *IL 2002-04* and its MOU to the oil/gas company.

Veterinary Practitioner

- upon request of the livestock owner, assesses the animal health complaint and initiates a diagnostic investigation to determine the cause of the animal health problem (may consult with Animal Health Investigator);
- completes Part C of the Complaint Form and forwards it to the Animal Health Investigator.

Animal Health Investigator

- receives Part A of the Complaint Form;
- contacts the livestock owner;
- notifies the steering committee.

Oil/Gas Company

- contacts the livestock owner and tries to resolve the problem;
- forwards the completed Oil/Gas Response Form to the Animal Health Investigator.

Step 2: The Animal Health Investigation

Livestock Owner

- ensures that Parts B and C of the Complaint Form are completed and forwarded to the Animal Health Investigator. (The Animal Health Investigation will not be initiated unless this is done.)

Animal Health Investigator

- receives Parts B and C of the Complaint Form;
- receives the completed Oil/Gas Company Response Form;
- notifies the AAFRD member of the steering committee (the AAFRD representative then notifies the rest of the steering committee members and provides them with status updates);
- reviews the matter and undertakes an Animal Health Investigation where warranted.

Step 3: Report of Animal Health Investigation

Animal Health Investigation Report

- The Animal Health Investigator writes an Animal Health Investigation Report and distributes it to the livestock owner, the oil/gas company, the veterinary practitioner, and other directly involved parties, as well as to the AAFRD steering committee member, who then provides copies to the rest of the steering committee members.
- Directly involved parties (not the steering committee members) who received the Animal Health Investigation Report review the report and may request clarity or provide information for corrections to the Animal Health Investigator within 30 days of the report issuance.

Responses to Requests

- The Animal Health Investigator responds to stakeholder requests for clarity or information within 60 days of the report issuance.
- Based on requests received, the Animal Health Investigator may write an addendum to Animal Health Investigation Report and distribute it to stakeholders, including the AAFRD steering committee member, who then provides copies to the rest of the steering committee members.

Why is it important to get the process started as quickly as possible?

Time is vital in any Animal Health Investigation. In order to capture reliable data and develop firm conclusions, it is necessary to obtain samples, evidence, and information as soon as possible when a health problem is suspected. Therefore, all parties involved in an animal health complaint, including the livestock owner and veterinarian, are expected to act and respond in a prompt, expedient manner during all stages of the complaint and the Animal Health Investigation process.

Do I have to use the Animal Health Investigation process?

This MOU is flexible and is not meant to prevent livestock owners and oil/gas companies from dealing directly with one another regarding animal health issues. However, since time is of the essence, the sponsors of this MOU strongly encourage livestock owners and oil/gas companies to use this process to bring matters to a timely conclusion through the application of science.

How is compensation handled?

Neither the participating organizations listed in the MOU nor the Animal Health Investigator can deal with compensation issues between a livestock owner and an oil/gas company. Compensation should be discussed and resolved between the livestock owner and the company.

There could be instances where outstanding issues remain following an Animal Health Investigation. Parties may then wish to seek other means of resolving these issues. Options include the EUB's Appropriate Dispute Resolution (ADR) program, an EUB or Surface Rights Board hearing, and a legal proceeding.

What happens if there are outstanding issues after an Animal Health Investigation?

There may be instances when there are outstanding issues remaining after an Animal Health Investigation or when the parties feel that an Animal Health Investigation is not the appropriate forum to deal with an animal health issue. There may also be instances when the Animal Health Investigator determines that an Animal Health Investigation is not warranted or is not feasible. In these instances, the parties may wish to consider alternative means of resolving the issues. The EUB Appropriate Dispute Resolution (ADR) process is one such alternative. For more information about ADR, please contact the nearest EUB Field Centre.

Is the Animal Health Investigation confidential?

The Animal Health Investigator and the steering committee will treat the data and names of the livestock owner, oil/gas company, and veterinarian practitioner as confidential. Therefore, the Animal Health Investigator and the steering committee will not release the Animal Health Investigation Report to any parties outside the Animal Health Investigation stakeholders. However, the livestock owner and the oil/gas company are not bound by this confidentiality and may release the Animal Health Investigation Report to parties outside the Animal Health Investigation. If a party releases the Animal Health Investigation Report, as a courtesy they should notify the other parties of the release and its recipient. Furthermore, while the government agencies will treat information in

a sensitive manner, there cannot be a guarantee of confidentiality because the Freedom of Information and Protection of Privacy Act defines what information may be held in confidence.

Why must I sign a waiver of liability?

An animal health investigation requires an integrated response that allows all involved parties to share animal health information, records, and data. As such, the normal privilege of confidentiality between a livestock owner and his/her veterinary practitioner must be waived. However, signing the waiver does not remove your right to sue the company(s) should the investigation find that the animal health problem was caused by its negligence. Before signing the waiver, you should seek independent legal advice so that you fully understand its implications and are comfortable participating in the investigation.

Other commonly asked questions related to the health of animals in the event of an oil/gas incident or emergency:

Will my livestock and pets be evacuated if there is an emergency?

The EUB has no requirements related to the evacuation of animals in the event of an emergency. Licensees of sour gas facilities, wells, and pipelines are required to have emergency response plans in place that detail measures to be taken to protect the public in the event of an emergency, including evacuation and shelter. Public safety during an emergency is the first and foremost concern of both the regulator and the oil and gas industry.

If you have concerns about the care and feeding of your animals in the event of an emergency, you should make those concerns known to the industry operators in your area and attempt to reach agreement on those points.

Who will monitor the health of my livestock during and/or after an emergency, and for how long?

Prudent livestock owners normally maintain accurate and detailed records of their livestock production operations. The existence of good historical records will assist and may be essential in determining the cause of an animal health problem. If your stock fall ill during or after an emergency, you are encouraged to start the Animal Health Investigation process described above or attempt to resolve the issue directly with the oil/gas company.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 10 Coalbed Methane

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site at www.eub.gov.ab.ca.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail eub.info_services@gov.ab.ca.

EUB Offices

Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

Coalbed Methane

Coalbed methane (CBM), also known as natural gas from coal, is in the early stages of development. More research is necessary before the scale of its contribution to Alberta's natural gas supply is fully understood. Each coalbed basin in the world has proven to be unique, presenting its own set of issues and challenges. This EnerFAQs addresses these issues from an Alberta perspective and explains the Alberta Energy and Utilities Board's (EUB's) role in ensuring that CBM development is conducted in an orderly, efficient, and responsible manner.

What is coalbed methane (CBM)?

CBM is natural gas contained in coal. It consists primarily of methane, the gas we use for home heating, gas-fired electrical generation, and industrial fuel. Hydrogen sulphide (H_2S) is not known to be associated with CBM production. CBM commonly is referred to as an "unconventional" form of natural gas because it is primarily stored through adsorption to the coal itself rather than in the pore space of the rock, like most "conventional" gas. The gas is released in response to a drop in pressure in the coal. If the coal is water saturated, water will need to be extracted to initially reduce the pressure and allow gas production to occur. If the coal is gas saturated, little or no water will be produced, and gas will be produced from the onset of production.

Who regulates CBM development?

CBM is subject to the same EUB drilling, production, and operational rules and regulations as other natural gas. Alberta Energy also treats CBM as natural gas for royalty and tenure purposes. Further information is available in the EUB *Informational Letter (IL) 91-11: Coalbed Methane Regulation*. Alberta Environment and Alberta Sustainable Resource Development also have a role in the regulation of CBM development; they handle CBM issues in a similar manner to other natural gas matters.

Common to all natural gas regulations is the requirement to provide potentially affected parties with an opportunity to understand the proposed development and to have input into decisions. Applicants are required to identify and disclose plans to drill CBM wells.

Is there a difference between CBM and conventional gas?

The term "conventional gas" includes many different types and compositions of natural gas, with wide variations in its associated development and operations. CBM and other unconventional gas resources (e.g., shale gas, tight gas) are not as well defined; generally they are less productive and less economic than conventional gas. Any type of unconventional gas resource can move into the conventional category over time, as the resource is developed.

CBM production may differ from other currently developed conventional gas with relation to factors such as water production, surface disturbance, flaring, and noise.

Water production

Conventional gas wells produce varying volumes of water, depending on factors such as their depth and location, which relate back to the geology of the producing zone. The water produced from almost all conventional gas wells, however, is very saline (salty) in nature. Because appropriate disposal of such water requires disposal into deep wells, neither the production nor the disposal of this water has been of particular issue.

The production of CBM may involve no water production or varying quantities of either saline or nonsaline water. The EUB regulates the production and disposition of saline water produced in conjunction with CBM. Both Alberta Environment and the EUB regulate varying aspects of the production of non-saline water produced with CBM.

If nonsaline water suitable for domestic, farm, or other surface use is identified from any well licensed by the EUB, the production and final disposition of this water is reviewed by both the EUB and Alberta Environment to ensure that it is handled in an environmentally responsible way, representing the best use of the water resource. A groundwater diversion permit may be required from Alberta Environment for nonsaline water produced in conjunction with CBM.

Well drilling and completion practices and requirements in all wells exist to ensure that nonsaline aquifers are protected. Experience from the extensive conventional development to date in Alberta has shown that groundwater protection is being achieved. For shallower wells, this includes particular attention to issues like drilling and the use of completion fluids, fracturing (breaking down a formation by pumping fluid at high pressures), and combining water from different zones. All produced water volumes and produced water analyses must be submitted to the EUB and form part of the public record. The collection of good baseline water quality data, possibly involving multiple analyses on various water producing intervals over time, is encouraged and could be a requirement in some cases.

The EUB and Alberta Environment continue to work collaboratively to ensure that the necessary approvals are obtained and that procedures related to responsible water use are applied. Additionally, the two agencies are actively involved in reviewing procedures concerning the production, use, and disposal of water associated with all shallower zones.

Surfaced disturbance (well spacing)

Resources are typically developed beginning with the highest quality reserves and working progressively towards the lower quality portions of the resource. Natural gas development is no different. As lower quality gas reservoirs are developed, higher well densities are generally required to optimize gas recovery. This is a long-standing trend in Alberta, and CBM continues this trend towards the closer spacing of gas wells.

Although standard gas well spacing for much of Alberta is one producing well per section per pool, a significant portion of the province, notably many shallower gas development areas, have a common spacing of two to four wells per section per pool. Unlike gas wells, standard oil well spacing in Alberta is four producing wells per section per pool, with even greater oil well densities being common in many areas.

To reduce the spacing from these set standards, EUB regulations require that industry file an application in accordance with *Guide 65: Resources Applications*. The application requirements include the need to notify all landowners and occupants in the area proposed for reduced well spacing. Full disclosure and communication of a project's details, impacts, and benefits are expected. The EUB processes hundreds of special oil and gas spacing applications each year with relatively few public concerns being raised.

In areas already producing conventional gas or oil, new CBM development may be able to take advantage of existing infrastructure, including surface installations, to minimize surface impact and disturbance. Good land-use practices, such as drilling multiple wells from a single surface location and alignment of roads or pipelines along natural field breaks, can reduce surface disturbance while allowing the necessary number of subsurface well penetrations of the coal seam for optimum recovery. Such mitigative measures are highly encouraged when well densities increase. These options should be discussed with the landowners.

CBM development that has associated water production can involve tanks on site to store produced water, at least for an initial period before pipelines are installed to carry water to central facilities. The surface impact and appearance of such wells may be closer to that of an oil well site than a traditional gas well installation. However, the full set of EUB regulations and controls pertaining to production lease construction, maintenance, and monitoring, including environmental and safety matters, apply equally to CBM well sites.

Flaring and venting

Flaring (the burning of natural gas that cannot be conserved) and venting (the release of natural gas to the atmosphere where conservation or flaring is not practical) related to CBM development is controlled and reviewed using

methods outlined in *Guide 60: Upstream Petroleum Industry Flaring, Incinerating, and Venting*. Like conventional gas wells, most CBM wells producing low water volumes should be able to limit initial flaring to short durations, particularly if they are close to existing oil and gas facilities. Testing into pipelines may be possible in some cases. Other wells, such as those initially producing larger quantities of water and low volumes of gas, may need longer periods of test flaring.

Venting of gas is strictly regulated in Alberta; where produced gas volumes are too small to burn, venting is permitted under controlled circumstances. Vented volumes from CBM development are expected to be limited.

Flaring associated with CBM tends to be more common for the first few wells in an area, until broader development occurs or an area is deemed to be uneconomic to develop for CBM. Public notice of any extended flare testing is required. CBM flares are similar to the flame in a furnace used for home heating, except that they are larger in scale. For further information on how the EUB ensures that this practice is performed safely and responsibly, refer to *EnerFAQs 6: Flaring*.

Compression and noise

Most gas production requires compression at some time or location to keep it flowing to market in pipelines. The need for compression generally increases as the pressure in producing wells declines over time. CBM wells, which generally are low pressure, will normally require compression throughout their production life. This compression can take different forms depending on existing infrastructure, economics, and production characteristics. Noise associated with compression is regulated in Alberta by the EUB; details are available in *Guide 38: Noise Control Directive User Guide*.

What is Alberta's CBM potential?

The amount of natural gas contained in Alberta's coal is very large. However, there are insufficient data at this time to provide a meaningful estimate of what portion of this resource may be recoverable. Limited production from coal, notably from the Horseshoe Canyon and Belly River zones (see attached map), has established that CBM production is technically feasible in Alberta. The EUB will continue to monitor CBM production in the province and move to reporting on CBM reserves once sufficient data are available.

The need for quality publicly accessible data to better assess Alberta's CBM reserves and to generally understand potential impacts further emphasizes the need for Alberta's CBM developers to continue providing data to the EUB in a timely manner. This includes all CBM test data and water analyses for any cases where water is produced.

What has been Alberta's CBM experience to date?

Over the years, thousands of conventional oil and gas wells have drilled through and collected basic data on coal seams, allowing geologists to map coal over much of the southern half of Alberta. However, data on production and detailed CBM reserves remain limited. Most of the current Alberta-based CBM development is associated with projects in southeastern Alberta that do not produce water. Other CBM development involves some wells in small pilot projects sparsely distributed over a broad area of southern and central Alberta.

Each of the world's coal basins is different and each one accessed for its CBM potential has proven to pose unique development challenges. Coal in Alberta usually occurs as a series of thin seams, compared to the generally thicker coal seams found in the U.S. basins producing CBM (e.g., the Powder River and San Juan basins). Most of the wells drilled so far in Alberta have targeted the middle Horseshoe Canyon/Belly River coal zones (see map), with essentially no water being produced.

Other pilot projects have targeted the deeper Mannville zone and have produced saline water similar to that produced with other oil and gas development in the province, which must be managed using deep well disposal. Test wells targeting the shallower Scollard (Ardley) zone have produced limited amounts of water that varies in quality.

Further updates on Alberta's CBM development are being prepared by the EUB and are expected to be available in the fall of 2003.

What's happening today?

CBM development is proceeding under Alberta's natural gas regulatory framework with few problems and continues to be monitored. However, recognizing that there may be concerns about CBM development, Alberta Energy announced a cross-ministry review and external consultation process in 2002. This process is aimed at determining if changes to Alberta's existing natural gas policies and regulations are required for CBM development.

Alberta Agriculture, Food and Rural Development, Alberta Energy, Alberta Innovation and Science, Alberta Environment, Alberta Sustainable Resource Development, and the EUB are participating in this review. Consultation with key stakeholders to identify and prioritize issues associated with CBM development is expected to begin this fall. Then a broader consultation process will provide input on issues and develop recommendations.

In preparation for this consultation process and to assist in factual information exchange on CBM, a number of fact sheets are being prepared dealing with different aspects of CBM development in Alberta, ranging from the geology of

the resource to how it is regulated to ensure land, air, and water protection. This information will be available to the public in the fall of 2003.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site www.eub.gov.ab.ca.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail eub.info_services@gov.ab.ca.

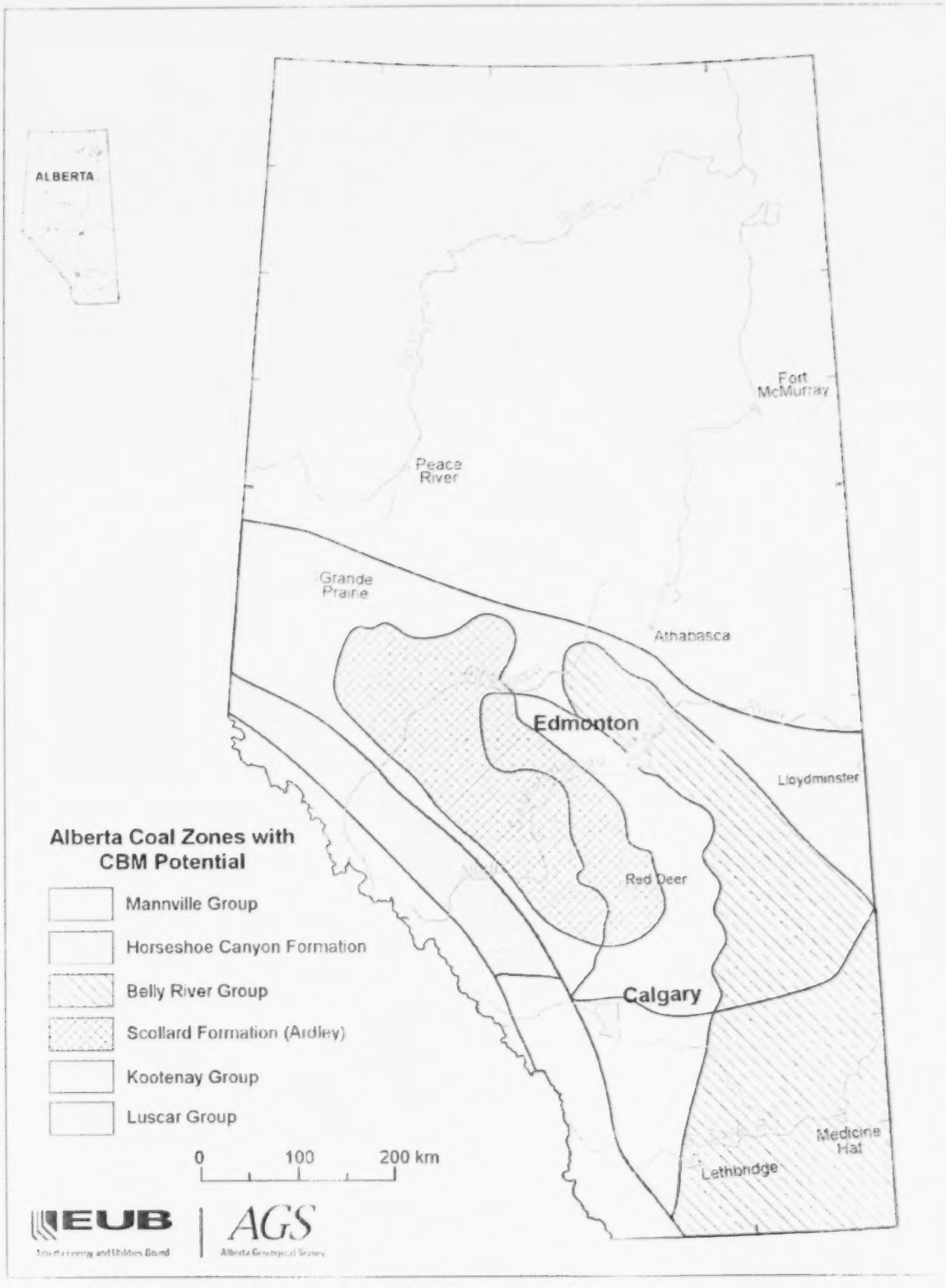
EUB Offices

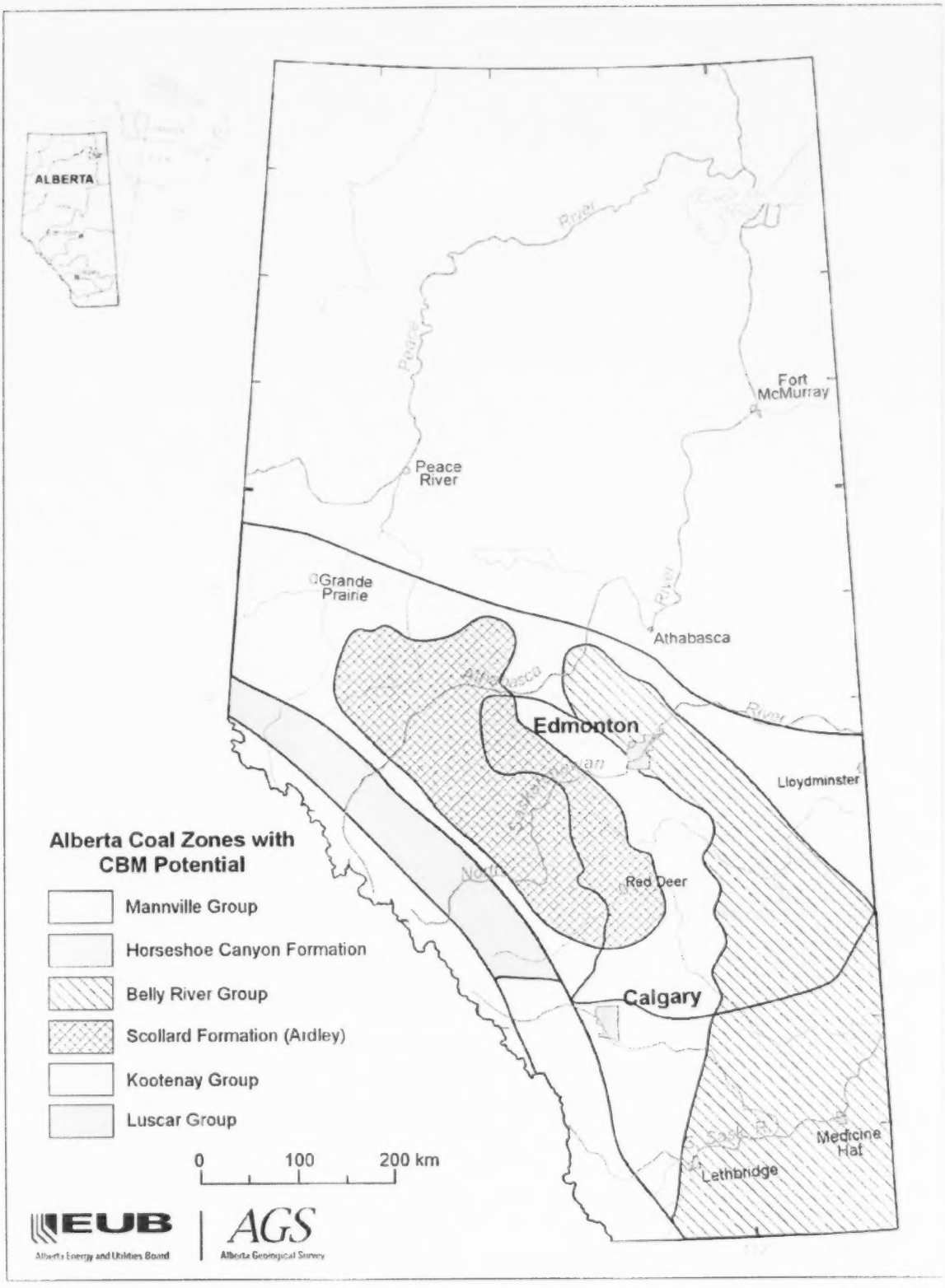
Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Fort McMurray	(780) 743-7214
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.


ALBERTA
Fort McMurray
Peace River
Grande Prairie
Athabasca
Edmonton
Lloydminster
Red Deer
Calgary
Medicine Hat
Lethbridge
Alberta Coal Zones with CBM Potential
Mannville Group
Horseshoe Canyon Formation
Belly River Group
Scollard Formation (Ardley)
Kootenay Group
Luscar Group
0 100 200 km
EUB
Alberta Energy and Utilities Board
AGS
Alberta Geological Survey


ALBERTA
Fort McMurray
Peace River
Grande Prairie
Athabasca
Edmonton
Lloydminster
Red Deer
Calgary
Medicine Hat
Lethbridge
Alberta Coal Zones with CBM Potential
Mannville Group
Horseshoe Canyon Formation
Belly River Group
Scollard Formation (Ardley)
Kootenay Group
Luscar Group
0 100 200 km
EUB
Alberta Energy and Utilities Board
AGS
Alberta Geological Survey

NATURAL GAS UTILITIES

What is the role of the EUB in setting natural gas rates?

The EUB regulates investor-owned natural gas utilities in Alberta, ensuring that rates consumers pay are just and reasonable and that the service provided is safe and adequate. The EUB is also required to regulate these utilities in ways that allow them to earn sufficient revenues to recover their costs, which includes a fair return on their investments. Therefore, in setting rates the EUB must balance the needs of consumers, along with the needs of utility companies.

ATCO Gas (North and South), AltaGas Utilities Inc., Direct Energy, and Orr Mineral Developments Ltd. are investor owned and therefore subject to EUB rate regulation.

The EUB does not set rates for municipally owned gas utilities, rural gas co-ops, or natural gas marketers. Rates charged by these utilities are designed to recover the costs of distributing natural gas to consumers. With respect to sales customers, rates must also allow the utilities to recover the costs of the natural gas itself—the costs on the free market for this gas supply that utilities must purchase.

A utility company applies to the EUB for a change in rates when its current rates no longer provide the company with sufficient revenues. Distribution costs are approved either through processing of General Rate Applications, which involves a thorough review of many financial aspects of the company, or through review of a negotiated settlement process. **Gas supply costs** are dealt with as a separate component but are also reviewed by the EUB.

What is the cost of gas rate and how is it determined?

The price that consumers pay for the gas supply portion of their bill is called the Gas **Cost Flow-Through Rate** (GCFR) for Direct Customers , **Gas Cost Recovery Rate (GCRR)** for AltaGas Customers, and **Monthly Gas Cost (MGC)** for Orr Mineral Development Ltd. Customers. Although utilities will have different names for the cost of the gas rate, it is always calculated by the same methodology. It is the flow-through cost of purchasing natural gas for customers that is passed on to consumers. Utilities purchase natural gas from producers in the wholesale market; as a result, utilities cannot obtain gas for less than what sellers can receive from other customers. The utilities are not allowed to mark up or profit from the cost of gas.

The EUB does not set the cost of gas rate. Rather, each gas utility calculates a monthly cost of gas rate for its service area. The cost of gas rate is determined by procedures approved in previous EUB decisions. Each gas utility is required to file its proposed monthly cost of gas rate in advance. Approval is given if the EUB is satisfied that the utility has followed the established procedures, that the purchase

plans, prices, and terms are prudent, and that gas costs are flowing through to customers at cost. Once approved by the EUB, a 30-day review period is provided for parties to raise any concerns about the approved cost of gas rate.

The utilities establish what their cost of gas rate should be each month by forecasting consumption. The forecast price is then determined using published AECO storage facility monthly and daily indices.

Most of the gas purchases made by the utilities from the market are on either a monthly or a daily basis. The AECO monthly index is usually used for gas purchases that the utilities believe can be acquired without exceeding the minimum expected consumption on any day in a given month. The daily index is used for other volumes that may be required. In addition to gas purchases, the cost of gas rate includes estimated gas supply-related management and administration costs that are incurred by the gas utilities.

During the course of the month, commodity costs may vary from the forecast because of changes in demand or market price. In order to reconcile what customers are charged through the cost of gas rate with actual gas costs, any surpluses or deficits are placed in a deferred gas account. Any amount in the deferred gas account at the end of a month is included when determining the cost of gas for the next month.

What are the components of my gas bill?

There are two main components that determine what consumers pay for natural gas: the delivery cost and the cost of the gas. The delivery charge, which represents the cost of transporting gas to a customer, is regulated by the EUB. The wholesale marketplace determines the cost of gas. The EUB has no control over the cost of gas. Other components include municipal franchise fees and the GST and, in the case of Direct Energy, billing charges.

Gas costs have been extremely volatile since 1999 due to North American market factors. However, delivery charges have remained relatively stable over the past ten years.

Delivery charges, including both the **fixed charge** and the **variable charge,** are designed to recover the costs related to the distribution or delivery of natural gas to your home. The **fixed charge** recovers those costs that do not vary with consumption of gas. These include the design, installation, and financing of pipelines and meters and customer billing costs.

The **variable charge** recovers the utility's costs that vary depending upon the consumption of natural gas. These are principally related to capital and operating costs, including labour, materials, and supplies.

The **franchise fee** is designed to recover the fee paid by the utility to the municipality in which you reside for use of public rights-of-way.

As explained on page 1, the cost of gas is the rate charged by the gas utilities to recover the cost of purchasing natural gas for customers.

In addition, there are now two riders on bills of customers served by ATCO Gas South, the **Company-Owned Storage Rate Rider (COSRR)** and the **Company Owned Production Rate Rider (COPRR)**. These riders vary on a monthly basis and usually result in a reduction on the delivery charges for customers. ATCO Gas South files a monthly rate for these riders with the EUB for approval.

Prior to the transition to a competitive market, all customers paid for the cost of storage and production assets, and historically customers using company-supplied gas realized a benefit from use of these facilities through a credit to the cost of gas. On the other hand, customers taking competitive supply from a retailer did not receive any of the benefits from these assets. The EUB decided that all customers, whether receiving gas from a utility or from a marketer, should share in the costs and benefits from their ongoing value. These costs and benefits are passed on to customers through the COSRR and the COPRR. Because this is a transfer of charges from the cost of gas to the delivery rates, there is little or no net impact to most customers on their total gas bill.

Where can I find current delivery rates and the cost of gas for EUB-regulated utilities?

Current rates can be found at www.eub.gov.ab.ca or by calling our Utilities Concerns telephone line at (780) 427-4903—to call toll free, dial 310-0000. Alternatively, you may contact your utility company directly.

Why does the cost of gas change monthly?

The EUB was aware that switching to monthly prices would produce more volatility on customers' bills. However, the EUB believes that the benefits of the monthly system outweigh the disadvantages. The monthly system provides more price transparency for customers and avoids the potential surpluses or deficits that could accrue under the old system. Because the old system set six-month rates, the utilities occasionally accrued large surpluses or deficits when gas prices increased or decreased unexpectedly.

To help customers manage volatility associated with the cost of gas, gas utilities offer budget plans, under which a customer makes the same monthly payment over six or twelve months, based on estimated consumption. Also, gas retailers currently offer fixed-price contracts for periods of one to five years.

Why does the price of natural gas change so much?

Alberta has a policy that allows the marketplace to determine natural gas prices. Alberta's gas prices are influenced by supply and demand throughout North America.

These prices have fluctuated considerably over the past several years, sometimes dramatically.

While past increases in the market price of natural gas have caused related increases in customer rates through higher cost of gas rates, market price decreases at other times have resulted in lower rates and, in some cases, direct refunds or credits to customer accounts as well.

How are natural gas prices determined?

Gas markets have changed significantly since gas commodity prices were first deregulated in 1986. Sales now tend to be on a short-term basis, as opposed to long-term contracts, and the market has moved from separate regional areas toward a North American marketplace. As a result, market conditions throughout North America impact supply, demand, and the price for natural gas. Since 2000, the gas market has experienced a significant degree of volatility.

Natural gas can be traded or priced at various locations. Major trading locations are referred to as hubs, geographic points where gas can be readily bought or sold. Storage facilities are usually available at hub locations. In Canada, the main hub location, referred to as AECO-C, is near Suffield, Alberta. It and the Henry Hub in Louisiana are the two key hubs on which North American pricing is based. The AECO storage facility serves as an Alberta natural gas price indicator, in the same way West Texas Intermediate serves as a price indicator for crude oil. When there are no pipeline capacity restrictions, prices in Alberta generally follow the prices in continental North America.

Natural gas can be traded electronically, and futures contracts can be traded on the New York Mercantile Exchange. Electronic trading allows for rapid response to changing market conditions and consequently to changes in demand and supply. As with any market-based exchanges, gas prices may be affected in the short term by interpretations of other events by traders and analysts. For instance, natural gas prices have been influenced by changes in crude oil prices.

Canadian gas production supplies virtually all of Canada's domestic requirements. Presently, about half of the gas produced in Canada is exported to markets in the United States. Natural gas prices on the Canadian market have been comparable to export prices.

What factors affect natural gas prices?

Various factors influence the supply and demand for gas, and thus its price, including economic growth, weather, storage, production, pipeline capacity, and availability of alternative fuel sources.

When an economy is strong, the demand for energy is high. Natural gas is a clean-burning, efficient form of energy, and its use has increased as growth in the

residential, commercial, and industrial sectors occurred. Its use in firing turbines for generating electricity has also increased.

Price is strongly affected by demand, which is highly dependent on the weather, particularly with respect to cold and hot extremes. Cold weather was normally associated with increased demand for gas for heating purposes, but hot weather now also increases demand because of the need for electricity required for air conditioning.
Storage can also significantly influence gas prices, as inventories of gas provide suppliers with the ability to meet peak demands requirements. Short-term prices, in particular, can be affected by the availability and deliverability of gas from storage.

Price also depends on availability of supply. Production has weakened recently, due to acceleration in the maturity of North American wells. Less gas is being produced from these wells, which needs to be offset by new exploration and drilling. Most of the gas produced in Canada presently comes from the western Canadian sedimentary basin, which is located in Alberta and in parts of Saskatchewan and British Columbia.

Tied to production and pricing is the availability of pipelines needed to transport gas to the various regional markets. New pipelines are only built in accordance with expectations about demand and price.

Competing fuels affect gas prices too. Dramatic changes in gas prices may cause customers to switch temporarily or permanently to other fuel sources, depending on individual circumstances. Switching from gas to coal for generating electricity if gas prices increase is one example.

How are delivery rates determined?

In addition to the cost of gas rate or commodity charge, gas utility customers pay monthly delivery charges. Delivery rates, including both a fixed and a variable charge, are reviewed by the EUB in an open, public process.

These rates are designed to allow a utility to meet its costs of operations and make a reasonable profit. When a utility proposes to change its rates, the EUB publishes a notice in newspapers in the service area concerned so that all affected customers are able to participate in the process. A public hearing is normally held in which the utility presents evidence to support its position; this also allows the EUB to conduct a thorough review of the utility's financial position and the reasonableness of the new rates being requested. Interested parties, or interveners, may contest the evidence presented.

Under a negotiated settlement process and following guidelines set out by the EUB, the utility negotiates its rates with representatives of customer groups, with the EUB acting as an observer. Once negotiations have been successfully concluded, rates

determined by a negotiated settlement have to be filed with and approved by the EUB before they can take effect. In both cases, the EUB issues a decision report setting out, with reasons, the rates it has approved.

The EUB also reviews the rates periodically during the time they are in place to determine that they are still appropriate.

How often is my gas meter read?

Frequency of meter readings depends on the meter reading costs approved by the EUB in a General Rate Application (GRA). Meters are generally read bi-monthly or at such other intervals that are reasonable and practicable under existing circumstances. When a meter reading is not available for a billing period, utilities are allowed to estimate consumption during that period of time, taking into consideration your historical consumption and seasonality.

What do I do if I think the meter readings on my bill are inaccurate?

If you believe there is an error regarding the amount of metered consumption, you may question your distribution utility. If you are not satisfied with the response from the utility, you may contact Measurement Canada to have the meter in question tested or calibrated, subject to a fee at your expense. If the meter in question is found to be accurate within the limits prescribed from time to time by Measurement Canada, no adjustment will be made to the billings based upon readings of the meter. However, if the test of the meter discloses that it is not accurate within the prescribed limits, then any meter handling and meter testing fees you paid will be refunded and the billings adjusted accordingly.

Contact Measurement Canada in

- Edmonton at (780) 495-2491
- Calgary at (403) 292-5605

When may a utility disconnect my natural gas service?

A utility company may terminate your service after providing 48 hours' notice if you violate the service regulations, such as tampering with any service, piping, meter, regulator, or any other facility. A company may terminate service without notice if, in its opinion, your attached piping or equipment is so hazardous that the safety concern precludes the provision of notice. Your service may also be terminated if you neglect to pay your bill by the payment deadline. Failure to receive a bill does not release you from your obligation to pay the utility.

Disconnection of service may occur at any time, even in winter, if the utility abides by the service regulations. If your account has not remained in good standing with a utility and a pending disconnection notice has been issued, you are required to call the financial collection department of the utility to make payment arrangements that are satisfactory to the utility. These payment arrangements are binding, like a contract, and if you fail to complete the terms agreed upon, disconnection of service can occur without further notice.

You may terminate service by providing your utility company with 5 days' notice.

Prior to having the service reconnected, the utility may request payment of

- amount owing to utility company,
- applicable reconnection fee (as per terms and conditions of service rate schedule), and
- security deposit, if required according to the terms and condition of service.

For Direct Energy and Orr Mineral Developments Ltd., the amount of the security deposit is 30 per cent of the estimated annual bill, and for AltaGas the security deposit is no more than the estimate of the total of the three highest monthly bills in any 12-month period.

Do I have to continue to buy my gas from my current utility company?

For most Albertans, the answer is no. Most of us now may purchase natural gas from an independent natural gas marketer. However, customers of municipally owned natural gas utilities and customers of natural gas co-ops do not presently have the option of purchasing their natural gas from an independent marketer. Also, while customer choice is permitted in the AltaGas and Orr Mineral Developments Ltd. service territory, no retailers are currently serving any residential customers in the communities served by these utilities.

If you are in an area where you may change suppliers, you have to enter into a contract with the marketer to purchase natural gas at an agreed-upon price. The EUB does not regulate the price you will pay or the terms of your contract with the marketer.

If you purchase gas from a marketer, you will continue to receive delivery of this gas from your utility company. In addition to transporting the natural gas to your home, your utility company will still provide services such as meter reading and may still conduct furnace inspections and prepare your bill. The costs for the delivery service are recovered through the fixed charge and the base energy charge, which are approved by the EUB.

What should I do before I decide whether to buy my gas from another source?

When choosing to enter a contract for gas, you should

- get the company name and check with Alberta Government Services (contacts noted below) to find out if the company is licensed as a natural gas direct marketer;
- read the contract carefully and understand what you are signing;
- be sure you understand the costs, potential savings, what happens if you move, and what happens if the natural gas direct marketer can't provide the product; and
- take time to compare the price of gas charged by the various gas marketers, including your current utility company. You should remember that you are only comparing the cost of gas. Delivery charges will be the same, because the local utility company will continue to deliver the gas.

Direct gas marketers in Alberta are licensed under the Fair Trading Act, which requires them to be licensed, post a $250 000 bond, and follow a code of conduct. If you sign an agreement for gas supply to your home, you have a 10-day "cooling-off" period during which you may cancel the contract. If you have any questions, you may contact Alberta Government Services, Consumer Services division, toll free at 1-877-427-4088 or check its Web site at http://www.gov.ab.ca/gs/.

Whom do I contact if I have inquiries or concerns about my natural gas service?

Concerns about service problems, such as outages, and meter reading issues should be raised with your distribution utility. Any concerns respecting your billing should be raised with your retailer.

AltaGas call centre: (1-866) 222-2067 toll free
ATCO Gas call centre: 310-5678 toll free
Direct Energy: 780-420-7838 in Edmonton
403-245-7838 in Calgary
1-866-420-3174 in the rest of Alberta
Orr Mineral Developments Ltd: 1-403-362-2813

What if I am unhappy with the service provided by my utility company or need further information?

You should contact your service provider directly in the first instance to discuss concerns. If you are still dissatisfied after speaking directly with the utility company, you may contact the EUB for assistance. The EUB's Utilities Branch deals with complaints respecting those companies that the EUB regulates. The EUB regulates investor-owned distribution utilities and certain Gas Default Rate providers to ensure that they are providing customers with safe and adequate service at just and reasonable rates.

Note that the EUB's authority to deal with your complaint is limited to certain legislated powers, which mainly include the terms, conditions, and rates under which a regulated utility provides services to its customers. In some situations, your dispute may be beyond the EUB's jurisdiction.

How do I make a formal complaint to the EUB?

If you are not satisfied with the response of your utility company, please contact the EUB by telephone, letter, fax, or e-mail, detailing the nature of the issue, the facts surrounding the complaint, and the action you would like. Note that complaints need to be received in writing to proceed to a more formal review level at the EUB. This correspondence must indicate your permission for the EUB to investigate the matter on your behalf and allow the utility to release information to the EUB.

EUB Utilities Branch
Phone: (780) 427-4903 (to call toll free, dial 310-0000)
Fax: (780) 427-6970
E-mail: Utilities.Concerns@gov.ab.ca
Address: 10055 - 106 Street, 10th floor
Edmonton, Alberta T5J 2Y2

In addition, the EUB has *EnerFAQs 12: Utility Concerns: How to Make a Complaint to the EUB*, which may be of assistance. This is available on the EUB Web site at www.eub.gov.ab.ca, along with a complaint form.

What happens to my complaint?

EUB staff will let you know by letter, e-mail, or telephone that the EUB has received your written complaint. If we do not need an explanation from the utility in question, we will send you information directly from our office. However, usually we contact the utility first and have it report back to us or to you regarding your inquiry. We then review the utility's response and contact you by letter, explaining our findings. The time it takes to deal with the complaint depends on the nature of your complaint and the complexity of the issue. Sometimes a public hearing may be required to resolve the complaint.

If you are not satisfied with the resolution or information provided, you may to contact the EUB for further clarification. This process will not change the rates and regulations approved by the EUB in current decisions.

What happens if my complaint is outside the EUB's jurisdiction?

For information on retail marketers of natural gas and electric power, contact

Alberta Government Services
Consumer Services Division
Northern Alberta: (780) 427-4088
Southern Alberta: (403) 297-5700

To call toll free, dial 310-0000 or check out the customer choice Web site at www.customerchoice.gov.ab.ca.

The *Public Utilities Board Act* grants the EUB the jurisdiction and power of investigation of utilities and rates. You might also consider pursuing your complaint through the **Office of the Utilities Consumer Advocate.** Alberta's newly appointed Utilities Consumer Advocate and his staff hear and deal with concerns about utility service in the province. They monitor complaints to identify patterns and trends and provide an analysis of this information to consumers, utilities, government, and regulators to make sure consumer concerns are heard. A key function of the office is monitoring proceedings of the EUB and other regulatory bodies to ensure that decisions take residential, small business, and farm customer concerns into account. They may directly intervene in regulatory proceedings or put consumers in touch with like-minded individuals or groups already making their case before the regulators. You can reach the Utilities Consumer Advocate by phone at 644-5200 in Edmonton and 1-866-714-4455 anywhere in Alberta; by e-mail at UtilitiesConsumerAdvocate@gov.ab.ca; or via the Internet at www.utilitiesconsumeradvocate.gov.ab.ca.

Although the Office of the Utilities Consumer Advocate does not duplicate the investigation procedures of the EUB, it will be able to monitor a complaint to ensure that future regulatory proceedings address the customer's concerns.

For questions about services provided by **retail marketers** of natural gas and electric power, contact them directly.

For concerns about **municipally owned gas utilities**, contact your local service provider, local town or city council members, or mayor. The EUB has limited authority over these municipal utilities, restricted to investigating complaints when a consumer believes rates are discriminatory, improperly imposed, or fail to conform to the rate structure established by the municipality.

For concerns about **natural gas cooperatives**, contact the co-op manager or directors or the Rural Utilities Branch at

Rural Utilities Branch
Department of Agriculture, Food and Rural Development, Planning and Competitiveness Sector Petroleum Plaza, North Tower
9945 –108 Street
Edmonton, Alberta T5K 2G5
Telephone: (780) 427-0125 (to call toll free, dial 310-0000)

Note that the EUB has a limited complaint authority over natural gas co-ops. It may hear complaints about terms of service, service charges, and rates or tolls if a customer thinks they are discriminatory, improperly imposed, or fail to conform to the co-op's established rate structure. Anyone wishing to receive gas co-op services may file a complaint with the EUB if that service is not provided. These complaints must be sent by registered mail to both the EUB Chairman and to the Chief Officer of the Rural Utilities Branch.

Where can I learn more about my options and choices?

To learn more about the emerging natural gas marketplace and the choices that Albertans now have regarding their natural gas services, visit the Web site that the Alberta government has created specifically for this purpose: www.customerchoice.gov.ab.ca

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No. 10 Coalbed Methane
No. 12 Utility Concerns: How to Make a Complaint to the EUB

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site at www.eub.gov.ab.ca.

EUB Offices

Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call toll free, dial 310-0000.

UTILITY CONCERNS: HOW TO MAKE A COMPLAINT TO THE EUB

What is the EUB's role in regulating utilities?

As an independent, quasi-judicial agency of the Government of Alberta, the Alberta Energy and Utilities Board (EUB) regulates investor-owned natural gas, electric, and water utilities and certain municipally owned electric utilities to ensure that customers receive safe and reliable service at just and reasonable rates. (Effective January 1, 2004, the EUB regulates EPCOR within the City of Edmonton and ENMAX within the City of Calgary.) This regulatory role is in a state of evolution due to the ongoing restructuring of the natural gas and electric industries. The EUB also ensures that electric facilities are built, operated, and decommissioned in an efficient and environmentally responsible way.

Electric Utilities

Before the restructuring of the electric industry, one company typically provided generation, transmission, distribution, and sale of electricity to customers. Now customers may choose their retail supplier of electricity. The price of generation is no longer regulated, as power is freely traded through an exchange operated by the independent Alberta System Operator (AESO). Transmission and distribution remain fully regulated, because they are natural monopolies. Regulation is necessary to set the prices for those parts of the electric industry where competition is not practical or possible.

Some customers also retain the option to remain on a regulated retail rate. The regulated rate tariff (RRT), formerly referred to as the regulated rate option, or RRO, is a pass-through of costs associated with procuring electric energy. Residential and farm customers, as well as small commercial and industrial customers whose annual consumption of electricity does not exceed 250 000 kilowatt hours (kWh), are able to remain on a regulated rate until July 1, 2006.

This energy charge forms one component of customers' bills. Other charges recover the costs of transmissions and distribution wires, local access fees, and other billing and administrative costs.

Natural Gas

The EUB regulates investor-owned natural gas utilities in Alberta, ensuring that rates customers pay are just and reasonable and that the service provided is safe and adequate. The EUB does not set rates for municipally owned gas utilities, rural gas co-ops, or natural gas marketers.

Two main components determine what consumers pay for natural gas: the delivery cost, and the cost of the gas. The delivery cost, which represents the cost of transporting gas to a customer, is regulated by the EUB. The delivery rates approved by the Board allow the utility to recover its reasonable costs of providing service, including a fair return on its investment.

The EUB does not set natural gas prices in Alberta. The North American market determines gas prices, and the monthly prices used by the utilities reflect the market conditions. The EUB has established a framework for the utilities to file their gas cost rates monthly, based solely on market factors, without any mark-up on the price of gas. Under this framework, the EUB reviews the gas cost applications to ensure that only the actual cost of the gas is passed on to customers.

While a customer will always pay the delivery cost to the distribution company, most now have the option of purchasing natural gas from an independent natural gas marketer.

What if I am unhappy with the service provided by my utility company or need further information?

You should first contact your service provider directly to discuss concerns at the numbers listed below. If you are still dissatisfied after speaking with the utility company, you may contact the EUB for assistance. The EUB's Utilities Branch deals with complaints respecting those companies that the EUB regulates.

Regulated Electric Utility Companies—Inquiries

- ATCO Electric, toll free: 1-800-668-2248
- Direct Energy, toll free: 1-888-420-3181
- ENMAX, for the City of Calgary, toll free: 1-877-571-7111
- EPCOR, for FortisAlberta customers, toll free: 310-4300
- EPCOR, for City of Edmonton customers, toll free: 412-4000
- FortisAlberta, formerly known as Aquila, toll free: 310-WIRE (310-9473) (Fortis Inc. has completed the acquisition of the electric wires company formerly known as Aquila Networks Canada (Alberta) Ltd. Fortis has acquired all of the issued and outstanding shares of Aquila and renamed the company **FortisAlberta**. Effective May 31, 2004, FortisAlberta now owns and operates the distribution system throughout the former Aquila territory.)

Regulated Natural Gas Utilities—Inquiries

- AltaGas Utilities Inc., toll free: 1-866-222-2067
- ATCO Gas, toll free: 310-5678
- Direct Energy: 780-420-7838 in Edmonton
  403-245-7838 in Calgary
  1-866-420-3174 in the rest of Alberta
- Orr Mineral Developments Ltd.: 1-403-362-2813

How do I make a complaint about my utility service?

If you are not satisfied with the response of your utility company, contact the EUB by telephone, letter, fax, or e-mail, detailing the nature of the issue, the facts surrounding the complaint, and the action you would like. **Please note that complaints need to be received in writing to proceed to a more formal review level at the EUB**. This written complaint must also state your permission for the EUB to investigate the matter on your behalf and allow the utility to release information to the EUB. A complaint form is available on the EUB Web site.

The EUB's authority to deal with your complaint is limited to certain legislated powers, which mainly include the terms, conditions, and rates under which a regulated utility provides services to its customers. In some situations, your dispute may be beyond the EUB's jurisdiction.

To place a complaint about your utility rates or service, contact

EUB Utilities Branch
10th floor, 10055 – 106 Street
Edmonton, Alberta T5J 2Y2
Telephone: (780) 427-4903
Fax: (780) 427-6970
E-mail: <Utilities.Concerns@gov.ab.ca>

What happens to my complaint?

EUB staff will let you know by letter, e-mail, or telephone that the EUB has received your written complaint. If we do not need an explanation from the utility in question, we will send you information directly from our office. However, usually we contact the utility first and have it report back to us or to you regarding your inquiry. We will then review the utility's response and contact you by letter, explaining our findings. The time it takes to resolve the matter depends on the nature of your complaint and the complexity of the issue. Sometimes a public hearing may be required to resolve the complaint. If you are not satisfied with the resolution or information provided, you may contact the EUB for further clarification. This process will not change the rate and regulations approved by the EUB in current decisions.

EUB Hearings

A hearing is the traditional tool used by the EUB to reach a decision when issues cannot be otherwise resolved. It provides all parties involved with the opportunity to publicly express their views before an EUB panel in a fair and orderly forum, similar to a court of law.

If a hearing is to be held, the EUB may provide a Notice of Hearing in writing to interested parties or publish it in local newspapers. In response to a notice, those with concerns about the issue may submit their views in writing to the EUB and thus become interveners. A written submission or intervention is usually a letter

or report that clearly outlines your views and concerns about the issue. A group or association that wishes to present a collective point of view may also be an intervener.

As an applicant or intervener, you may choose to represent yourself at the hearing or be represented by a lawyer. In either case, EUB staff will be available to assist you with any procedural questions.

The Decision

In making its decision following a hearing, the EUB panel considers all views of the hearing participants and determines what it feels is in the best interest of the parties involved. As a hearing participant, you will receive a copy of the panel's decision, which includes the reasons for its findings.

What if my complaint is outside the EUB's jurisdiction?

For information on **retail marketers** of natural gas and electric power, contact Alberta Government Services, Consumer Services Division

- Northern Alberta, call (780) 427-4088*
- Southern Alberta, call (403) 297-5700*

or check out the customer choice Web site at www.customerchoice.gov.ab.ca.

For concerns about services provided by retail marketers of natural gas and electric power, contact them directly.

For concerns about **municipally owned utilities**, contact your local service provider or your local council members or mayor. The EUB has only limited authority over these utilities, restricted to investigating specific complaints when a consumer believes rates are discriminatory, improperly imposed, or fail to conform to the rate structure established by the municipality. The only exception is that effective January 1, 2004, the EUB assumed full jurisdiction over the electrical distribution and regulated rate tariffs (RRT) and terms and conditions of service of EPCOR in the City of Edmonton and ENMAX in the City of Calgary.

For concerns about **natural gas cooperatives**, contact the co-op manager or directors or the Rural Utilities Branch at

Rural Utilities Branch
Agriculture, Food and Rural Development , Planning and
Competitiveness Sector
Petroleum Plaza North Tower
9945 – 108 Street
Edmonton, Alberta T5K 2G5
Telephone (780) 427-0125*

Note that the EUB does have a limited complaint authority over natural gas co-ops. It may hear complaints about terms of service, service charges, and rates or tolls if a customer thinks they are discriminatory, improperly imposed, or fail to conform to the co-op's established rate structure. Anyone wishing to receive gas co-op services may file a complaint with the EUB if that service is not provided. These complaints must be sent by registered mail to both the EUB's Chairman and to the Chief Officer of the Rural Utilities Branch.

For **Rural Electrification Associations (REAs)**, contact the directors of the specific REA or

Alberta Federation of REAs Ltd.
100-115 Portage Close
Sherwood Park, Alberta T8H 2R5
Telephone: (780) 417-3396
Toll free: 1-877-717-3496

The EUB also has limited jurisdiction to hear complaints about the distribution tariffs of REAs.

For **telecommunications utilities**, such as telephone and cable television services, contact

Canadian Radio-Television and Telecommunications Commission (CRTC)
Ottawa, Ontario K1A 0N2
Telephone: (819) 997-0313
Toll free: 1-877-249-2782

Where may I get more information?

The following, all available on the EUB Web site at www.eub.gov.ab.ca, may be of assistance:

- *EnerFAQs No. 7: Electricity and the EUB*
- *EnerFAQs No. 11: Natural Gas Utilities*
- *Guide 29: Energy and Utility Development Applications and the Hearing Process*

These and many other documents about the EUB are also available free of charge from

EUB Information Services
640 – 5 Avenue SW
Calgary, Alberta T2P 3G4
Telephone: (403) 297-8190*

The EUB Web site also provides information on how the EUB establishes natural gas prices. Look for *EnerFAQs No. 11: Natural Gas Utilities*.

An up-to-date catalogue of EUB publications, maps, and services (*Guide 1*) is also available on the EUB Web site or from Information Services.

Contact Information

If you would like general information or assistance with filing a complaint, please contact us at

EUB Utilities Branch
10th floor, 10055 – 106 Street
Edmonton, Alberta T5J 2Y2
Telephone: (780) 427-4903*
Fax: (780) 427-6970
E-mail: Utilities.Concerns@gov.ab.ca

If you need more information or assistance with a specific utility application, please contact us at the above address or at

EUB Utilities Branch
5th floor, 640 – 5 Avenue SW
Calgary, Alberta T2P 3G4
Telephone: (403) 297-7174*
Fax: (403) 297-6104

*All Government of Alberta phone numbers given here are part of the provincial government's RITEdirect telephone system. RITEdirect is a toll free, long-distance service that public callers may use to reach Alberta Government offices. To call toll free, dial 310-0000 and then enter the 7-digit local number to connect or press zero and hold for a RITE operator.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No. 10 Coalbed Methane
No. 11 Natural Gas Utilities

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site at www.eub.gov.ab.ca.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403) 297-8190), fax (403-297-7040), or e-mail eub.info_services@gov.ab.ca.

EUB Offices

Head Office (403) 297-8311
640 – 5 Avenue SW
Calgary, Alberta T2P 3G4

Fort McMurray Office (780) 743-7214
2nd Floor, Provincial Building
9915 Franklin Avenue
Fort McMurray, Alberta T9H 2K4

Field Centres

Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927
Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.

EnerFAQs
Frequently Asked Questions on the Development of Alberta's Energy Resources
ALBERTA ENERGY AND UTILITIES BOARD | EnerFAQs No. 13

The EUB and You: Agreements, Commitments, and Conditions

This EnerFAQs explains the role of the Alberta Energy and Utilities Board (EUB) with respect to landowner-company agreements, commitments, and conditions in oil and gas development. It is a companion to *EnerFAQs 8: Proposed Oil and Gas Development, A Landowner's Guide*; the two should be read together.

Each year in Alberta, private landowners enter into agreements with oil and gas companies that allow for the construction and operation of oil and gas projects on their lands. In the majority of cases, landowner-company agreements are clear and each party understands its rights and responsibilities. Occasionally, misunderstandings arise in regard to these private agreements, and the parties seek the EUB's assistance in resolving their concerns through the EUB's Appropriate Dispute Resolution (ADR) program.

How are agreements between landowners and companies negotiated?

Landowner-company agreements may arise in a variety of circumstances. Often they are negotiated strictly between the landowner and the oil and gas company. Sometimes the EUB may assist the parties in resolving their concerns through its facilitation process. As well, the EUB's ADR program provides independent, third-party mediation to assist the parties to resolve their concerns. Negotiated agreements reflect commitments made by both the company and the landowner.

What is a commitment?

A commitment is a verbal or written promise made by an oil and gas company to a landowner. Commitments may arise from promises made during negotiations between a company and a landowner or from promises made at an EUB hearing.

Generally, commitments relate to activities or operations that are not strictly required by the EUB's guidelines or regulations. For example, a company may commit to painting its compressor green to better blend in with the surroundings.

Does the EUB enforce commitments?

Commitments are basically private agreements, and the EUB does not have the authority to enforce private agreements between a landowner and a company. The power to enforce such private agreements has been reserved to the Alberta courts.

However, the EUB considers it important that companies meet their commitments. Failure to do so may provide grounds for the EUB to review and possibly vary decisions related to the breached commitment. For example:

- If an intervener withdraws its objection to an application as a result of a commitment made by a company and that commitment is later breached by the company, the EUB may consider whether a review of its decision to grant the licence is appropriate.

- If the EUB was influenced in its decision to grant a licence or permit by a commitment made at a hearing and that commitment was later breached, the EUB may consider whether a review is necessary.

What is a condition?

A condition is a requirement of the EUB included in a licence or permit that is in addition to or expands upon existing EUB guidelines or requirements. Generally, conditions are developed in hearings and are listed in the related decision report.

Because conditions are essentially an extension of the powers granted to the EUB by government acts and regulations, the EUB has the authority to enforce the breach of a condition. The company must comply with the conditions listed on its approval or it will be in breach of its approval and subject to enforcement action by the EUB. Enforcement of an approval means enforcement of the conditions attached to that approval.

An example of a condition is requiring an operator of a pipeline on private property to mark the pipeline locations at each existing fence line and provide the landowner with an accurate drawing showing all pipeline rights-of-way on the property and the location of the pipeline within the rights-of-way.

Why does the EUB list conditions and commitments in some of its decision reports?

The EUB lists conditions and commitments in decision reports to ensure that the decision and the reason why it made its decision are clear. If the EUB decides to attach conditions to the licence or approval it issues, the decision report will explain the circumstances that led the EUB to include these conditions. Similarly, if the commitments made by a party have influenced the EUB's decision, it will record these commitments in the decision report.

How does the EUB follow up on conditions, and is the information available to the public?

If a decision report has conditions attached to the licence or approval, the EUB will develop an action plan to ensure the appropriate and specific management of each condition within any timeframes prescribed by the condition. The progress of conditions can be followed on the EUB Web site through a link to the specific decision report. Any supporting documentation submitted to or gathered by the Board on a condition is available through EUB Information Services.

Why doesn't the Board attach or include commitments made between a landowner and a company in the approval it issues?

As noted, a commitment is a private agreement between a landowner and industry. The EUB does not have the authority to enforce private agreements; that authority is reserved for Alberta's courts. Because the Board cannot require compliance with commitments, it cannot include them in its approvals. However, as discussed in the next section, the breach of a commitment may lead to a review of the approval granted. Each party should therefore keep a copy of its agreement as a record of the commitments made.

What is a review, and when does the EUB conduct a review in relation to a breach of commitment?

The EUB has the authority to review, or take a second look at, any of its decisions. In relation to a breach of commitment, the EUB will first consider whether the party requesting the review is "directly and adversely" affected by the Board's decision. If the EUB determines that the party requesting the review is directly and adversely affected by its decision to approve the company's application, the Board will then consider whether the alleged breach of a commitment represents a change in circumstances that could lead it to change its decision.

In the EUB's view, the breach alleged must be significant in order to trigger a review of its decision. The EUB emphasizes that a request for a review is a serious matter and should only be considered when all other attempts to resolve the parties' differences have failed.

For further information on the EUB's review process, see EUB *Guide 29: Energy and Utility Development Applications and the Hearing Process*.

Should agreements that include commitments between a company and landowners be written down?

Yes, the parties should carefully write down each commitment made and ensure that each party receives a copy of the document. By recording the agreement in writing, each party will have a record of the commitments for reference in the event of a disagreement.

How much detail should be included in an agreement?

Commitments should be written so that each party clearly understands what rights and obligations the commitment creates. The objective when drafting commitments will be to clearly reflect each party's expectations and to avoid any commitment that is vague or confusing.

For example, consider a simple commitment that states, "The company agrees to construct a fence around its well site." When the commitment is drafted, each party may believe that it understands what obligation is created by the commitment. However, the commitment is worded in such a way that it is open to a number of reasonable interpretations. The company may understand the commitment to require the construction of a wooden fence immediately around the wellhead after it has completed all necessary testing and the associated pipeline is tied in. The landowner may expect a chain link fence to be erected around the entire lease site immediately after the well is drilled.

Commitments should be carefully drafted to ensure that they reflect each party's expectations. With respect to the above example, an explicit commitment would describe the type of fence to be built, the size of the fence, and the timing of its construction. By including such details in the original agreement, both parties are aware of the other's expectations, and the potential for conflict is reduced significantly.

What information should generally be included in an agreement?

- The agreement should clearly identify the parties that will be bound by it.
- The agreement should specifically address what will happen if the company sells or transfers the facility to another party.
- The agreement should be very specific and clearly identify all expectations. Parties should avoid ambiguous commitments that have the potential for misunderstanding in the future.
- The agreement should include a discussion of how disputes about commitments will be resolved (see expanded discussion below).
- The agreement should identify specific consequences and the exact steps that will be taken in the event that one of the commitments is not met by one of the parties.
- The agreement should be signed by each party.

What happens when parties have a dispute about commitments?

As the EUB does not have the authority to enforce commitments, it is very important that the parties involved include a commitment relating to dispute resolution within their agreement. As noted above, the best way to avoid disputes is to ensure that the original agreement is clearly worded and effectively addresses each party's expectations.

A dispute resolution commitment should provide a company contact whom the landowner can contact in the event of a dispute and state what steps the parties will take to resolve the dispute. The company contact should have the necessary authority to make decisions relating to the implementation of the agreement.

Methods of resolving disputes about commitments include the use of a third-party mediator through the ADR process or an EUB staff facilitator. It is the EUB's view that a request for a review of an approval on the basis of a breached commitment should be the last resort for parties in conflict.

Is compensation available to landowners for negotiating agreements?

The EUB has no authority to require a company to compensate a landowner for his or her efforts in negotiating an agreement. However, the company may agree to provide compensation to the landowner as part of its agreement with the landowner.

The EUB does have the authority to require a company to pay a party's costs if an application is considered at a hearing before the EUB. However, in order to be eligible for cost recovery, the party must establish that he or she owns land that may be directly or adversely affected by the EUB's decision on the company's application. The EUB refers to such an party as a "local intervener." The EUB's usual practice (there are exceptions) is to acknowledge only those costs incurred after the EUB has issued a notice of hearing. It is generally the EUB's position that until a notice of hearing has been issued, there is no certainty that a hearing will be held. The EUB finds that in many cases the prenotice interactions between an

intervener and a company relate to compensation matters, not public interest issues. However the EUB recognizes that it is sometimes necessary for local interveners to incur costs prior to the notice and that such costs may be reasonable and directly and necessarily related to the intervention in question.

For further information on local intervener costs, see EUB *Guide 31A: Guidelines for Energy Cost Claims*.

What is Appropriate Dispute Resolution?

In January 2001, the EUB implemented the Appropriate Dispute Resolution (ADR) program. The program was developed in response to requests by both the public and industry to be more directly involved and to have more control in resolving disputes involving wells, pipelines, production facilities, electrical substations, transmission lines, and other facilities in the industries regulated by the EUB. The two main components of the EUB's ADR program are EUB staff facilitation and third-party assistance from ADR professional service providers and mediators. While it may not be the answer to every dispute, the ADR process has often been successful in reducing the number of issues needing to be addressed and, in some cases, eliminating the need for a formal hearing.

For further information on ADR, see the EUB's Web site at http://www.eub.gov.ab.ca/BBS/public/ADR/serviceprov_options.htm. Parties may also contact the EUB's Facilitation group at (403) 297-5839.

Additional Information

This EnerFAQs is one in a series. The others are

No. 1 What Is the Alberta Energy and Utilities Board?
No. 2 Having Your Say at an EUB Hearing
No. 3 Inspections and Enforcement of Energy Developments in Alberta
No. 4 All About Critical Sour Wells
No. 5 Explaining EUB Setbacks
No. 6 Flaring and Incineration
No. 7 Electricity and the EUB
No. 8 Proposed Oil and Gas Development: A Landowner's Guide
No. 9 Animal Health
No. 10 Coalbed Methane
No. 11 Natural Gas Utilities
No. 12 Utility Concerns: How to Make a Complaint to the EUB

Every year the EUB collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, information on regulations, policies, and decisions, and hearing materials.

Publications may either be viewed at the EUB library or obtained from Information Services. Both are housed on the main floor of the EUB head office in Calgary. Publications may also be downloaded free of charge from the EUB Web site www.eub.gov.ab.ca.

To obtain a print or CD copy of a specific publication, contact EUB Information Services by phone (403-297-8190), fax (403-297-7040), or e-mail eub.info_services@eub.gov.ab.ca.

In addition, the following agency provides supplementary information, assists in the resolution of disputes on matters relating to the farming community, and provides information on farming community matters:

The Farmers' Advocate
305, 7000 – 113 Street
Edmonton, Alberta T6H 5T6
Phone: (780) 427-2433 (toll free by first dialing 310-0000)
Fax: (780) 427-3913
http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/ofa2621

EUB Offices

Head Office 640 – 5 Avenue SW Calgary, Alberta T2P 3G4	(403) 297-8311
Fort McMurray Office 2nd Floor, Provincial Building 9915 Franklin Avenue Fort McMurray, Alberta T9H 2K4	(780) 743-7214
Edmonton (Utilities)	(780) 427-4901
Edmonton (Alberta Geological Survey)	(780) 422-1927

Field Centres

Bonnyville	(780) 826-5352
Drayton Valley	(780) 542-5182
Grande Prairie	(780) 538-5138
High Level	(780) 926-5399
Medicine Hat	(403) 527-3385
Midnapore	(403) 297-8303
Red Deer	(403) 340-5454
St. Albert	(780) 460-3800
Wainwright	(780) 842-7570

To call the above numbers toll free, dial 310-0000.